



# INQUEST IDT

# MCQ

## BOOK

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Mobile: +91 9150 938 938 / +91 9150 939 939

Email: admin@tharunraj.com

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# INTRODUCTION TO GST

## Question .1

A Ltd. has both interstate and intra state supplies. They have IGST credit of ₹1,00,000 and IGST payable of ₹40,000, CGST payable ₹40,000 and SGST payable ₹40,000. What is the net GST Payable?

- (A) CGST - ₹20,000
- (B) SGST - ₹20,000
- (C) CGST - ₹10,000 and SGST - ₹10,000
- (D) All the above

## Question .2

X Ltd. a registered person in Mumbai, Maharashtra has received inward supplies from Tamil Nadu with CGST and SGST invoice as the Place of supply for supplier is Tamil Nadu. What credit can be availed by X Ltd.?

- (A) Only CGST credit
- (B) Cannot avail credit
- (C) Both CGST and SGST credit can be availed
- (D) X Ltd should request supplier to cancel intra state invoice and give interstate invoice to avail IGST credit

## Question .3

GST network is a \_\_\_\_\_ entity

- (A) 100% central government owned
- (B) 100% private owned
- (C) Partly government and partly private owned
- (D) 50% central government and 50% state governments owned

## Question .4

Which of the following taxes is not subsumed into GST

- (A) Counter veiling Duty under customs
- (B) Service Tax
- (C) Luxury Tax by state government
- (D) Entertainment tax by local bodies

## Question .5

Which of the following taxes is subsumed into GST

- (A) Customs duty
- (B) Special additional duty under customs
- (C) Anti dumping duty under customs
- (D) Education cess and secondary and higher education cess

## Question .6

Which article of the constitution determines the scope and functions of GST council

- (A) 270A
- (B) 279A
- (C) 246A
- (D) 269A

## Question .7

In India GST became effective from \_\_\_\_\_

- (A) 30th June 2017
- (B) 8th August 2017
- (C) 1st July 2017
- (D) 1st October 2017

## Question .8

GST is a \_\_\_\_\_ based tax on consumption of goods and services

- (A) Origin
- (B) Destination
- (C) Supply
- (D) Both destination and supply

## Question .9

Which of the following tax is not subsumed into GST?

- (A) Value Added Tax (VAT)
- (B) Basic Customs Duty (BCD)
- (C) CounterVailing Duty (CVD)
- (D) Special Additional Duty (SAD)

## Question .10

The two components of Dual model of GST are \_\_\_\_\_

- (A) CGST and SGST
- (B) IGST and CGST
- (B) IGST and SGST
- (D) All of the above

## Question .11

The GST law has the following rate slabs for goods & services: \_\_\_\_\_

- (A) 0%, 5%, 12.5%, 18%
- (B) 0%, 5%, 18%, 28%
- (C) 5%, 12%, 18%, 28%
- (D) 0%, 5%, 15%, 28%

## Question .12

\_\_\_\_\_ will be levied in the place of central sales tax

- (A) CGST and SGST
- (B) IGST
- (C) UTGST/SGST
- (D) CGST

Question .13 

\_\_\_\_\_ will be levied in the place of VAT

- (A) CGST and SGST
- (B) IGST
- (C) UTGST/SGST
- (D) CGST

Question .14 

Administration and levy of GST is as follows

- (A) Centre will levy and administer CGST, IGST and states will levy and administer SGST
- (B) Only Centre will levy and administer all CGST, SGST and IGST
- (C) Centre will levy and administer IGST only and states will levy and administer CGST and SGST
- (D) State will levy and administer SGST and IGST and IGST shall be distributed amongst centre and state partially

Question .15 

Who shall be the chairman of GST Council?

- (A) Union Finance Minister
- (B) State Finance Minister
- (C) Prime Minister of India
- (D) President of India

Question .16 

Which of the following shall be levied in case of import of goods?

- (A) IGST
- (B) Basic Customs Duty
- (C) Social Welfare Surcharge
- (D) All of the above

Question .17 

GST Compensation Cess shall be levied on \_\_\_\_\_

- (A) Specified goods in Automobile Sector
- (B) Specified goods or demerit goods
- (C) Pan Masala
- (D) All the above

Question .18 

India has chosen its GST model from \_\_\_\_\_

- (A) USA
- (B) UAE Countries
- (C) Canada
- (D) China

Question .19 

Functions of GSTN includes

- (A) Facilitating Registration
- (B) Computation and settlement of IGST
- (C) Matching of tax payment details with banking network
- (D) All the above

Question .20 

Which was the first country to implement GST?

- (A) USA
- (B) China
- (C) France
- (D) Switzerland

Question .21 

Central Excise duty shall continue on which of the following products

- (A) Petroleum crude
- (B) High Speed Diesel Oil
- (C) Motor Spirit
- (D) All the above

Question .22 

Can tax be imposed on entertainment and amusement by the Municipality, Panchayat, Regional Council and district council after implementation of GST

- (A) Yes
- (B) No
- (C) Yes, with prior permission of Central Government
- (D) Yes, with prior permission of GST Council

Question .23 

Which of the following tax is not levied on tobacco and tobacco products

- (A) GST
- (B) Central Excise Duty
- (C) Value Added Tax
- (D) GST Compensation Cess

Question .24 

GST Compensation Cess shall be payable on \_\_\_\_\_

- (A) Garments
- (B) Aerated Drinks
- (C) Electronics
- (D) Stationery

Question .25 

For the purpose of GST, \_\_\_\_\_ was passed

- (A) Constitution (101st Amendment) Act, 2016
- (B) Constitution (100th Amendment) Act, 2016
- (C) Constitution (101st Amendment) Act, 2017
- (D) Constitution (110th Amendment) Act, 2016

Question .26 

Which of the following commodities are not kept outside the ambit of GST Regime?

- (A) Aviation Turbine Fuel (ATF)
- (B) Kerosene Oil
- (C) Whiskey
- (D) Wine

Question .27 

Goods and Services Tax is applicable to

- (A) Entire Country except Jammu & Kashmir and includes territorial waters
- (B) Entire Country including Jammu & Kashmir and excludes territorial waters
- (C) Entire Country except Jammu & Kashmir and includes exclusive economic zone
- (D) Entire Country including Jammu & Kashmir and includes exclusive economic zone

## Question .28

Salcomp Ltd. located in Andhra Pradesh rendered services to Techpro Pvt. Ltd. located in Karnataka, where in the place of supply for such services is Tamil Nadu. Which of the following GST is payable in this case?

- (A) CGST and Andhra Pradesh GST
- (B) CGST and Karnataka GST
- (C) CGST and Tamil Nadu GST
- (D) IGST

Question .29 

An importer located in Gujarat has imported goods worth ₹10,00,000 and paid IGST of ₹1,32,000 on 23rd July 2018. During the month he sold imported goods worth ₹4,00,000 (Excl. GST @ 12%) within Gujarat. In this context, which of the following is False

- (A) Net CGST and Gujarat GST payable by importer is nil
- (B) IGST of entire ₹1,32,000 can be availed as Credit
- (C) State Government of Gujarat shall pay ₹24,000 to Central Government as IGST Settlement
- (D) Central Government shall pay ₹24,000 to State Government of Gujarat as IGST Settlement

Question .30 

List I of the Constitution contains matters in respect of which \_\_\_\_\_ has the exclusive right to make laws, after considering the constitutional Amendment Act for incorporating GST.

- (A) Central Government
- (B) State Government
- (C) Both Central and State Government
- (D) None of the above

**N O T E S**

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | B              | <p>Rule 88A of CGST Rules, 2017: IGST credit of ₹1,00,000 should be first utilised for payment of IGST liability of ₹40,000 and balance IGST Credit of ₹60,000 can be utilised between CGST and SGST liability in any manner and in any proportion.</p> <p>Alternative (i):<br/>Excess IGST Credit can be utilised for payment of CGST liability of ₹40,000 and balance ₹20,000 for payment of SGST liability. So, the net GST payable shall be ₹20,000 of SGST</p> <p>Alternative (ii):<br/>Excess IGST Credit can be utilised for payment of SGST liability of ₹40,000 and balance ₹20,000 for payment of CGST liability. So, the net GST payable shall be ₹20,000 of CGST</p> <p>Alternative (iii):<br/>Excess IGST Credit can be utilised for payment of CGST liability &amp; SGST liability in equal proportion of ₹30,000 each. So, the net GST payable shall be ₹10,000 of CGST and ₹10,000 of SGST</p> |
| 2    | B              | Both CGST & SGST paid in another state cannot be availed as ITC as the same is disallowed as per CBIC FAQ. Further, in GSTR - 2B it is shown under "ITC not available"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3    | D              | GST Network is now a 100% government owned entity, where 50% is owned by Central government and 50% by all state governments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 4    | D              | <ol style="list-style-type: none"> <li>All Indirect taxes levied by CG in the past, except customs duty got subsumed into GST</li> <li>Indirect taxes levied by SG (VAT, Purchase tax, Entertainment tax, Luxury tax, Betting tax, Advertisement tax) got subsumed into GST</li> <li>Taxes levied by local authorities (i.e., Entertainment tax, Professional tax etc.,) not got subsumed into GST</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |



|    |   |                                                                                                                                                                                                                                                                                                                                      |    |   |                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5  | B | Counter Veiling Duty (CVD) under section 3(1) of Customs Tariff Act, 1975 is levied to counterbalance excise duty and Special Additional Duty (SAD) under section 3(5) of Customs Tariff Act, 1975 is levied to counterbalance CST/VAT. As, excise duty, CST and VAT are subsumed in GST, therefore CVD and SAD got subsumed in GST. | 16 | D | In case of import of goods, the following duties shall be levied:<br>1. Basic Customs Duty<br>2. Social Welfare Surcharge<br>3. Anti Dumping Duty (Not in all cases)<br>4. Safeguard Duty (Not in all cases)<br>5. IGST<br>6. GST Compensation Cess (Not in all cases)                                                                                                    |
| 6  | B | Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).                                                                                                                                                                     | 17 | D | A GST Compensation Cess at specified rate has been imposed under the Goods and Services Tax (Compensation to States) Cess Act, 2017 on the specified luxury items or demerit goods, like panmasala, tobacco, aerated waters, motor cars etc., computed on value of taxable supply.                                                                                        |
| 7  | C | GST law (CGST Act, SGST Act, UTGST Act and IGST Act) is enacted and made with effect from 1/7/2017                                                                                                                                                                                                                                   | 18 | C | Most of the countries follow unified GST i.e., a single tax applicable throughout the country. However, in federal polities like Brazil and Canada, a dual GST system is prevalent. Under dual system, GST is levied by both the federal and the State Governments. India, too, has adopted a dual GST. Therefore, India has chosen dual GST model from Canada            |
| 8  | B | GST is destination based tax as 50% of IGST collected by CG shall be remitted to consuming state.                                                                                                                                                                                                                                    | 19 | D | The functions of the GSTN include acilitating registration; forwarding the returns to Central and State authorities; computation and settlement of IGST; matching of tax payment details with banking network; providing various MIS reports to the Central and the State Governments based on the taxpayer return information; providing analysis of taxpayers' profile. |
| 9  | B | All indirect taxes levied by CG and SG got subsumed, except Customs duty by CG and entertainment taxes by local bodies.                                                                                                                                                                                                              | 20 | C | France was the first country to implement VAT/GST in 1954.                                                                                                                                                                                                                                                                                                                |
| 10 | A | The two components in dual GST model are CGST + SGST (or) CGST + UTGST                                                                                                                                                                                                                                                               | 21 | D | GST is levied on all goods and services, except alcoholic liquor for human consumption and petroleum crude, diesel, petrol, ATF and natural gas. On 5 these petroleum products, Central excise duty shall be levied on manufacture, even after implementation of GST, till the time it is decided by GST council to bring them under levy of GST                          |
| 11 | C | Based on GST Law, rates slabs are divided into 5%, 12%, 18% and 28% (Nil rate not considered in rate Slabs)                                                                                                                                                                                                                          |    |   |                                                                                                                                                                                                                                                                                                                                                                           |
| 12 | B | Central Sales Tax (CST) was levied on interstate sales, and in the current GST Scenario, it is replaced by IGST.                                                                                                                                                                                                                     |    |   |                                                                                                                                                                                                                                                                                                                                                                           |
| 13 | A | VAT was levied in case of intra state sale and in the current GST scenario, CGST and SGST is payable (or) CGST and UTGST is payable.                                                                                                                                                                                                 |    |   |                                                                                                                                                                                                                                                                                                                                                                           |
| 14 | A | CGST and IGST is collected and administered by the Central Government, SGST is collected and administered by State Government                                                                                                                                                                                                        |    |   |                                                                                                                                                                                                                                                                                                                                                                           |
| 15 | A | The Union Finance Minister is the Chairman of this Council and Ministers in charge of Finance/ Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members.                                                                                                                               |    |   |                                                                                                                                                                                                                                                                                                                                                                           |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22 | A | Entertainment Tax (except those levied by local bodies) are subsumed in GST. Therefore, entertainment tax levied by local bodies not got subsumed into GST and shall be levied even after implementation of GST.                                                                                                                                                                                                                                                                                                                                                                 |
| 23 | C | Tobacco is within the purview of GST, i.e. GST is leviable on tobacco. However, Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India. Resultantly, tobacco is subject to GST as well as central excise duty. But, CST and VAT are not levied on tobacco after implementation of GST.                                                                                                                                                                                                                         |
| 24 | B | A GST Compensation Cess at specified rate has been imposed under the Goods and Services Tax (Compensation to States) Cess Act, 2017 on the specified luxury items or demerit goods, like panmasala, tobacco, aerated waters, motor cars etc., computed on value of taxable supply.                                                                                                                                                                                                                                                                                               |
| 25 | A | The talks of ushering in GST, however, gained momentum in the year 2014 when the NDA Government tabled the Constitution (122nd Amendment) Bill, 2014 on GST in the Parliament on 19th December, 2014. The Lok Sabha passed the Bill on 6th May, 2015 and Rajya Sabha on 3rd August, 2016. Subsequent to ratification of the Bill by more than 50% of the States, Constitution (122nd Amendment) Bill, 2014 received the assent of the President on 8th September, 2016 and became Constitution (101st Amendment) Act, 2016, which paved the way for introduction of GST in India |
| 26 | B | GST is levied on all goods and services, except alcoholic liquor for human consumption and petroleum crude, diesel, petrol, ATF and natural gas. Kerosene oil is not covered under petroleum products and covered under the ambit of GST.                                                                                                                                                                                                                                                                                                                                        |
| 27 | D | GST is applicable to entire country including Jammu & Kashmir. Also the meaning of "India" includes                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | exclusive economic zone i.e., 200 nautical miles from base line. Therefore, GST is applicable to Entire Country including Jammu & Kashmir and includes exclusive economic zone.                                                                                                                                                                                                                                                                                                            |
| 28 | D | Type of GST depends upon whether a transaction is interstate supply or intrastate supply. In turn, whether a supply is intra-state or interstate depends upon the location of supplier and place of supply. In the present case, location of supplier is Andhra Pradesh and Place of supply is Tamil Nadu and it is an interstate supply chargeable to IGST                                                                                                                                |
| 29 | C | IGST Credit available to importer = ₹ 1,32,000 CGST liability = ₹ 24,000 (i.e. 4,00,000 X 6%) and SGST liability = ₹ 24,000 (i.e. 4,00,000 X 6%) When IGST credit is utilised for payment of SGST liability Central Govt has to pay ₹ 24,000 to State Govt. But the question asked is which of the statement is incorrect. Therefore, the incorrect statement is that State Govt. has to pay ₹ 24,000 to Central Govt.                                                                     |
| 30 | A | Seventh Schedule to the constitution empowers government to make laws and accordingly it is divided into 3 lists. List 1 also known as Union list (Where Central government is empowered to make laws), List 2 also known as State list (Where State government is empowered to make laws) and List 3 also known as concurrent list (Where both central government and state government is empowered to make laws). Note: There is no tax related entries in Concurrent list (i.e. List 3) |

**N O T E S**

# TAXABLE EVENT UNDER GST

## Question 1

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

- (A) Services by an employee to employer in the course of employment
- (B) Services of Funeral
- (C) Actionable claims other than specified actionable claims.
- (D) All of the above

## Question 2

Which of the following activities is supply of service?

- (A) Transfer of right in goods/undivided share in goods without transfer of title in goods
- (B) Transfer of title in goods
- (C) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date
- (D) All of the above

## Question 3

Which of the following is not supply as per Sec. 7 of CGST Act, 2017

- (A) Import of health consultancy services by Mr. A for consideration, not in the course or furtherance of business of Mr. A
- (B) Gift of business stock by Mr. A to his son, who is not dependent on him
- (C) Management consultancy services by X Ltd. to its client, without consideration but in the course or furtherance of business
- (D) Sale of Scrap arising out of manufacture of furniture by D Ltd.

## Question 4

### Schedule I

- (A) Classification of Supply as goods or Services
- (B) Definition of Business
- (C) Definition of Consideration
- (D) Supply even without consideration

## Question 5

### Schedule II

- (A) Classification of Supply as goods or Services
- (B) Definition of Business
- (C) Definition of Consideration
- (D) Supply even without consideration

## Question 6

### Schedule III

- (A) Classification of Supply as goods or Services
- (B) Definition of Business

- (C) Definition of Consideration
- (D) Exclusions from Supply

## Question 7

### Section 2(17)

- (A) Classification of Supply as goods or Services
- (B) Definition of Business
- (C) Definition of Consideration
- (D) Supply even without consideration

## Question 8

### Section 2(31)

- (A) Classification of Supply as goods or Services
- (B) Definition of Business
- (C) Definition of Consideration
- (D) Supply even without consideration

## Question 9

Which of the following transactions is excluded from supply?

- (A) Supply of goods by an importer after clearance from customs
- (B) Supply of goods by an importer before clearance from customs
- (C) Services by employer to employee
- (D) All the above

## Question 10

Which of the following transactions is not covered under supply?

- (A) Lottery, betting and gambling transactions
- (B) Salary to partners by partnership firm
- (C) Sale of crypto currency viz. Bit coins
- (D) Services by a stock broker in relation to transaction in securities

## Question 11

Which of the following is not consideration under section 2(31)?

- (A) Donations received by a charitable institution from X Ltd. for providing training in yoga to its employees
- (B) Car received by a doctor from a patient for carrying out heart transplantation
- (C) Deposits received from traders by an association and has written off to profit and loss account
- (D) None of these

## Question 12

A Ltd. Undertakes to sell land to Mr. X and has collected a part consideration before executing transfer deed and collected balance amount after executing the transfer deed. Whether the said transaction constitutes supply?

- (A) Yes, as construction service as part consideration is received before executing transfer deed
- (B) Yes, only to the extent of consideration received

before executing transfer deed

- © No, as the said transaction is not in the course or furtherance of business
- Ⓓ No, as the said transaction is excluded from supply

#### Question .13

ABC Ltd. donates old computers to a charitable institution after purchasing new computer systems.

The said transaction is \_\_\_\_\_

- Ⓐ Supply u/s 7(1)(a)
- Ⓑ Supply u/s 7(1)(b)
- Ⓒ Supply u/s 7(1)(c)
- Ⓓ cannot be determined

#### Question .14

In order to constitute supply under sec. 7(1)(c), such activity should be \_\_\_\_\_

- Ⓐ Without Consideration
- Ⓑ In the course or furtherance of business
- Ⓒ Both the conditions
- Ⓓ depends on the activity

#### Question .15

ABS Co. P. Ltd. provides certain services to Mr. Jacob who holds 35% of the voting right in the company. The transfer is made without any consideration. Does the same qualify as supply?

- Ⓐ Yes, if made in the course or furtherance of business
- Ⓑ No, Since made without consideration
- Ⓒ Yes, Whether made in the course (or) furtherance of business (or) not
- Ⓓ Not a Supply

#### Question .16

A local club supplies lunch to its members during its quarterly meetings without any consideration or payment. The same for the purpose of the Act, is classified as \_\_\_\_\_

- Ⓐ Supply u/s 7(1)(a)
- Ⓑ Supply u/s 7(1)(c)
- Ⓒ Not a Supply
- Ⓓ Not in the course or furtherance of business

#### Question .17

Franklin enterprises made gifts to its employees worth ₹ 58,000 each, in lieu of successful completion of a particular project of the company. Does the same qualify as supply?

- Ⓐ Yes, Taxable Value = ₹ 8,000
- Ⓑ No, as it is in the course of employment
- Ⓒ Yes, Taxable Value = ₹ 58,000
- Ⓓ No, as it is not in the course or furtherance of business of employer

#### Question .18

Which of the following is not covered under Schedule III of CGST Act:

- (i) Service provided by an employer to his employee on the occasion of his marriage
  - (ii) The functions performed by the members of municipalities and local authorities.
  - (iii) The duties performed by a director in a body established by the Central Government
  - (iv) Actionable claims, other than lottery, betting and gambling
- Ⓐ (i) & (iii)
  - Ⓑ (i)
  - Ⓒ (iii)
  - Ⓓ None of the above

#### Question .19

Which of the following transactions does not qualify as supply under GST law?

- (i) When the Head Office makes a supply of services to its own branch outside the State.
  - (ii) When a person imports services without consideration for the purposes of his business from his elder brother dependent on him living outside India,
  - (iii) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
  - (iv) When a principal makes supplies to his agent who is also registered and is situated within the same State.
- Ⓐ (i) & (ii)
  - Ⓑ (i), (ii) & (iii)
  - Ⓒ (iii)
  - Ⓓ (ii) & (iii)

#### Question .20

Zero rated supply shall not include \_\_\_\_\_

- Ⓐ Export of goods or services under bond or LUT.
- Ⓑ Export of goods or services on payment of IGST.
- Ⓒ Supplies by SEZ unit or SEZ developer.
- Ⓓ Supplies to SEZ unit or SEZ developer.

#### Question .21

Mr. A has received technical consultancy services from IT Star Consultants, USA. The import of technical consultancy will not be liable to GST if

- (i) Mr. A pays some consideration for the services received
- (ii) Mr. A pays some consideration for the services received and if Mr. A uses the said service for business purposes
- (iii) Mr. A uses the said service for business purposes even though he does not pay any consideration for the same

8 (iv) Mr. A uses the said service for personal purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants

(v) Mr. A uses the said service for business purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants

- (A) (i), (ii) & (v)
- (B) (ii), (iii) & (v)
- (C) (iii) & (iv)
- (D) (iii), (iv) & (v)

#### Question .22

Which of the following activities does not constitute supply?

- (A) An architect in India seeks legal advice from his son settled in London free of cost with regard to his family dispute.
- (B) A Resident Welfare Association provides the service of depositing the electricity bills of the residents in lieu of some nominal charges.
- (C) A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade on which ITC is availed, for personal use at his residence.
- (D) An electronic commerce operator in India seeks legal advice for its business from its head office in US free of cost.

#### Question .23

Which of the following activity shall be treated neither as a supply of goods nor a supply of services?

- (i) Permanent transfer of business assets where input tax credit has been availed on such assets
  - (ii) Temporary transfer of intellectual property right
  - (iii) Transportation of deceased person
  - (iv) Services by an employee to the employer in the course of employment
- (A) (i) & (iii)
  - (B) (ii) & (iv)
  - (C) (i) & (ii)
  - (D) (iii) & (iv)

#### Question .24

How much % of preference shares are required to become a related person as per Sec. 15 of CGST Act, 2017

- (A) 25%
- (B) 51%
- (C) 50%
- (D) None of the above

#### Question .25

M/s. Aircool Ltd., a supplier of air conditioners, is registered in the State of Maharashtra. It has a policy to gift an air conditioner to its employees [residing in Gujarat] at the end of financial year. The company installs such air conditioners at the residence of the employees. During the month of March, 20XX, the company installed 150 air conditioners at the residence of these employees. The total open market value of such air conditioners is ₹ 52.50 lakh (excluding GST). The tax rate on such air conditioners is 28% (14% CGST, 14% SGST and 28% IGST). Compute the GST liability of M/s. Aircool Ltd., if any.

- (A) ₹ 7,35,000 - CGST, ₹ 7,35,000- SGST
- (B) ₹ 14,70,000 - IGST
- (C) Nil
- (D) None of the above

#### Question .26

Mr. Ibrahim appoints Mr. Abraham his relative to procure certain raw materials from the market. Mr. Abraham identifies various suppliers who can provide the raw material desired by Mr. Ibrahim and asked Mr. Mohamed (Supplier) to send and invoice directly to Mr. Ibrahim. State whether the said activity constitutes supply in the hands of Mr. Abraham?

- (A) No, as Mr. Abraham is not acting as agent on behalf of Mr. Ibrahim for receipt of goods
- (B) Yes, as Mr. Abraham is acting as agent on behalf of Mr. Ibrahim for receipt of goods
- (C) Yes, as the transaction is between related persons
- (D) No, as there is no consideration

#### Question .27

Which of the following is true in respect of priority sector lending certificates (PSLC)?

- (A) PSLC are not securities
- (B) They are akin to freely tradable duty scrips, renewable energy certificates or licences
- (C) They are treated as goods and chargeable to GST
- (D) All of the above

#### Question .28

Goods means any kind of movable property and

- (A) Includes actionable claims
- (B) Includes actionable claims other than betting, lottery and gambling
- (C) Includes actionable claims including betting, lottery and gambling
- (D) Excludes actionable claims



Question .29 

Mark the incorrect statement from the following:

- (A) Business include any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity
- (B) Principal means a person who carries on the business of supply or receipt of goods or services or both
- (C) Services means anything other than goods, money and securities
- (D) Actionable claim includes betting, lottery and gambling, horse racing, casino's and online money gaming

Question .30 

Services provided by outgoing tenant by way of surrendering the tenancy rights where no tenancy premium or other consideration is provided is \_\_\_\_\_

- (A) Not subject to GST because it is not a taxable supply
- (B) a taxable supply and hence liable to GST
- (C) Covered under negative list as per Schedule III
- (D) deemed supply

Question .31 

Tenancy rights to a new tenant for residential property, to an unregistered person by the property owner against consideration in the form of tenancy premium is \_\_\_\_\_

- (A) Not subject to GST because it is not a taxable supply
- (B) It is a taxable supply and chargeable to GST
- (C) It is covered in Schedule III and not chargeable to GST
- (D) It is an exempted supply

Question .32 

TCS Ltd. amalgamated with Infosys. On account of amalgamation, Ms. Kanika a shareholder received 10,000 shares of Infosys in exchange of 5000 shares of TCS. Which of the following statement is correct in this context?

- (A) Transaction in securities is neither goods nor services
- (B) This is supply of goods
- (C) This is supply of services
- (D) This is covered under Schedule III

Question .33 

Which of the following is an example of supply?

- (A) Art works sent by artist to galleries for exhibition
- (B) Sale of car by an automobile company to a car dealer
- (C) Donation of paintings by an artist to a trust
- (D) Sale of securities

Question .34 

Which of the following statements is true under GST?

- (A) Grand-parents are never considered as related persons to their grandson/granddaughter
- (B) Grand-parents are always considered as related persons to their grandson/granddaughter
- (C) Grand-parents are considered as related persons to their grandson/granddaughter only if they are wholly dependent on their grandson/granddaughter
- (D) None of the above

Question .35 

What provisions of CGST have been made applicable to IGST?

- (A) All the provisions
- (B) Only a few provisions
- (C) The provisions of CGST Act as would be applicable to IGST has not been mentioned
- (D) The exact provisions of CGST Act as would be applicable to IGST have not been enumerated. However, a list of items have been mentioned, whose corresponding provisions under CGST would apply to IGST Act.

Question .36 

Which of the following is not considered as a supply under the CGST Act, 2017?

- (A) Importation of architectural services for ₹ 1,00,000/- for construction of residential property used for personal purposes from unrelated person
- (B) Importation of architectural services free of cost for construction of office used for business purposes from related person.
- (C) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.
- (D) Both (A) and (C)

Question .37 

Which of the following is not a supply under the CGST Act, 2017?

- (A) Food supplied free of cost by Mr. A (Owner of a Restaurant) to his agent for further supply to customer at ₹ 500/.
- (B) Importation of accounting services free of cost from dependant father residing in US.
- (C) A Rolex watch gifted to an employee for ₹ 50,000/.
- (D) A machinery given free of cost to an employee on which input tax credit was availed by the employer.

Question .38 

Which of the following is not considered as 'goods' under the CGST Act, 2017?

- (A) Sale of a ten-paisa coin having sale value of ₹ 100/-
- (B) Sale of shares of unlisted company
- (C) Sale of lottery tickets
- (D) All of the above

Question .39 

Which of the following is not a supply of services?

- (A) Renting of Commercial Office Complex.
- (B) Payment of Non-Compete Fee by an ex-employee to his previous employer.
- (C) Repairing of Mobile Phone.
- (D) Permanent transfer of business assets on which ITC is availed .

Question .40 

Which of the following services received without consideration amount to supply?

1. Import of services by a person in India from his son well-settled in USA
  2. Import of services by a person in India from his brother well-settled in Germany
  3. Import of services by a person in India from his brother (wholly dependent on such person in India) in France
  4. Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia.
- (A) 1,3 and 4
  - (B) 2,3 and 4
  - (C) 2 and 3
  - (D) 1 and 2

Question .41 

ABC Academy provides training services to Mr. Rahul (An owner of computer shop) for ₹ 85,000 and in exchange of training services, Mr. Rahul gives a laptop of ₹ 60,000 and pay ₹ 25,000 in cash. Who is liable to pay GST on such transaction?

- (A) ABC Academy
- (B) Mr. Rahul
- (C) ABC Academy and Mr. Rahul
- (D) Not a Supply

Question .42 

XYZ Ltd. supplies medicines to Mr. B and Mr. C on the instructions of Mr. A. Such goods are supplied by XYZ Ltd. without any consideration. Who shall be considered as recipient of supply of medicines under CGST Act

- (A) Mr. A
- (B) Mr. B
- (B) Mr. C
- (D) Both Mr. B and Mr. C

Question .43 

Which of the following supplies are naturally bundled?

- (A) Rent deed executed for renting of two different floors of a building - one for residential and another for commercial to the same person
- (B) Pack of watch, tie and belt
- (C) Package of canned food such as burger, chocolate, sweets, cake etc.,
- (D) None of the above

Question .44 

Which one of the following is not a composite supply:

- (A) Supply of an air conditioner along with freight, insurance and installation
- (B) Supply of UPS along with external battery
- (C) Supply of architect services along with supply of material incidental to his services
- (D) Supply of lodging service by a hotel including breakfast

Question .45 

There is a difference in taxability of goods forming part of composite supply and mixed supply. Here are few examples from which you need to identify which is correct example of composite supply and mixed supply.

- i) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a mixed supply.
- ii) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a composite supply.
- iii) Mrs. A buys a microwave oven and some utensils for use in microwave oven. Both microwave oven and utensils are sold at a single price. Microwave oven and its utensils here are a mixed supply.
- iv) Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices. Chocolates, juices and biscuits are a mixed supply. The correct examples of composite and mixed supply are:

- (A) (i) & (iv)
- (B) (ii) & (iii)
- (C) (ii), (iii) & (iv)
- (D) None of the above

Question .46 

Mr. Rohit received a gift from a relative on occasion of Diwali. Packed box contains canned foods, Sweets, Chocolates, cakes, dry fruits, treated drink and fruit juices. What type of supply it shall constitute?

- (A) Composite Supply



- Ⓑ Mixed Supply
- Ⓒ Non taxable supply
- Ⓓ Not a supply under GST

#### Question .47

A person purchases laptop from a vendor who usually supplies along with laptop bag. What types of supply it shall constitute?

- Ⓐ Composite Supply
- Ⓑ Mixed Supply
- Ⓒ Individual supplies
- Ⓓ As per recommendation of government

#### Question .48

M/s Vivek Electronics is an authorised dealer in electronics for various brands located and registered in Chennai, Tamil Nadu. It has sold the following items to Tharuns Brainerly Ltd (a consumer): Refrigerator (500 lit) taxable @ 18% ₹ 40,000 Stabilizer for refrigerator taxable @ 12% ₹ 5,000 LED TV (42 inches) taxable @ 12% ₹ 30,000 Split AC (2 tons) taxable @ 28% ₹ 35,000 Stabilizer for air conditioner taxable @ 12% ₹ 5,000 Total Value ₹ 1,15,000 M/s Vivek's electronics has given a single invoice, indicating price of each item separately to Pro Tax Tick Pvt. Ltd. State the type of supply and the tax rate applicable on the same.

- Ⓐ Composite Supply; Highest tax rate applicable to split AC i.e. 28%
- Ⓑ Mixed Supply; Highest tax rate applicable to split AC i.e. 28%
- Ⓒ Supply other than composite and mixed supply; Highest tax rate applicable to split AC i.e. 28%
- Ⓓ Supply other than composite and mixed supply; respective tax rate applicable to each item

#### Question .49

Which of the following is not a composite supply?

- Ⓐ Supply of smart phone and tempered glass.
- Ⓑ Supply of battery and inverter
- Ⓒ Supply of cement under works contract services
- Ⓓ Both (A) and (B)

#### Question .50

In which of the following cases E Commerce operator is required to get registered?

- Ⓐ Service covered under Sec. 9(5)
- Ⓑ Liable to deduct TCS under Sec. 52
- Ⓒ Aggregate turnover in a FY > Threshold limit
- Ⓓ All of the above

#### Question .51

Which of the following is covered under Reverse Charge Mechanism?

- Ⓐ Supply of notified goods and services under section 9(3)
- Ⓑ Supply of OIDAR services by a person located

outside India to a non taxable online recipient

- Ⓒ Supply of notified services under section 9(5) through an E Commerce Operator
- Ⓓ both (a) and (b)

#### Question .52

Whether Amazon, Flipkart etc., are required to pay GST?

- Ⓐ Yes, on the value of goods supplies through them
- Ⓑ Yes, on the commission earned by them
- Ⓒ No, as the liability is on supplier of goods, they are exempted from payment of any GST
- Ⓓ Yes, if supplier is unregistered

#### Question .53

Which of the following does not constitute a taxable supply as per Sec. 7 read with Sec. 9?

- Ⓐ Supply by taxable person to taxable person
- Ⓑ Supply by non taxable person to non taxable person, if notified
- Ⓒ Supply by taxable person to non taxable person
- Ⓓ Supply by non taxable person to taxable person, if notified

#### Question .54

Is there any ceiling limit prescribed on the rate under IGST?

- Ⓐ 14%
- Ⓑ 28%
- Ⓒ 20%
- Ⓓ 40%

#### Question .55

What if an E commerce operator having no physical presence in the taxable territory, does not have a representative in the taxable territory?

- Ⓐ He will have to discharge his tax liability in foreign country
- Ⓑ He will not be liable to tax
- Ⓒ He has to appoint a person in the taxable territory for the purpose of paying tax on his behalf
- Ⓓ None of the above

#### Question .56

What is E commerce covered in GST?

- Ⓐ Supply of goods and/or services on an electronic platform for commerce other than the supplies of e-commerce operator himself
- Ⓑ Supply of goods and/or services on an electronic platform for commerce including the supplies of e-commerce operator
- Ⓒ Supply of goods and/or services on an electronic platform for commerce
- Ⓓ All the above

## Question .57



A person who \_\_\_\_\_ digital or electronic facility or platform for electronic commerce shall be as an E commerce operator.

- (A) Owns
- (B) Operates
- (C) Manages
- (D) Any of the above

## Question .58



Which of the following services provided by the E Commerce operator is notified by the Govt. on which tax is paid by the E Commerce operator

- (A) Transportation of goods
- (B) Services by way of providing accommodation in hotels and the hotel is also registered under GST.
- (C) Services by way of housekeeping, such as plumbing and carpentering etc., and the person supplying such services is not liable to be registered under GST.
- (D) Transportation of passengers by Air.

## Question .59



In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted? The amounts given below are inclusive of GST @ 18%, wherever applicable. Assume that all other conditions for deduction of TDS are fulfilled:

- (i) Health Department executed a contract with a local supplier, registered under GST, to supply "medical grade oxygen" of ₹ 2.6 lakh and is making full payment.
- (ii) Government school is making a payment of ₹ 3.5 lakh to a registered supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government.
- (iii) Municipal Corporation of Kolkata purchases a heavy generator = from a registered supplier in Delhi. Now, it is making payment of ₹ 5 lakh for such purchase.
- (iv) Finance Department in Delhi is making a payment of ₹ 3 lakh to a registered supplier of 'printing & stationery' in Delhi.

Choose the most appropriate option.

- (A) (i), (ii) and (iii)
- (B) (ii), (iii) and (iv)
- (C) Only (i) and (ii)
- (D) Only (iii) and (iv)

## Question .60



State whether the following statements are true or false:

1. Zero rated supply means supply of any goods or services or both which attracts nil rate of tax.
2. Exempt supply means export of goods or services or both or supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
3. Non-taxable supply means supply of goods or services or both which is not leviable to tax under the CGST Act, 2017 but leviable to tax under the IGST Act, 2017.
4. ITC may be availed for making zero rated supply of exempt goods.

Choose the most appropriate option.

- (A) False, False, False, True
- (B) True, False, False, False
- (C) True, True, False, False
- (D) False, False, False, False

N O T E S

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | D              | In the present case, all the specified activities are Specifically excluded from supply as per Sec. 7(2) read with Schedule III                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2    | A              | Transfer of right in goods/ undivided share in goods without transfer of title in goods is supply of service.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3    | C              | 1.Import of health consultancy services by Mr. A for consideration, not in the course or furtherance of business of Mr. A - Supply u/s 7(1)(b) [Import of services for a consideration whether or not in the course or furtherance of business constitutes supply]<br>2.Gift of business stock by Mr. A to his son, who is not dependent on him - Supply u/s 7(1)(c) without consideration but in the course or furtherance of business - Not a supply as the same is not covered under Sec. 7(1) [As there is no consideration, Sec. 7(1)(a) not applicable and as the same is not import of services, Sec. 7(1)(b) not applicable. As X Ltd. and its client are not related, Sec. 7(1)(c) not applicable]<br>4.Sale of Scrap arising out of manufacture of furniture by D Ltd. - Supply u/s 7(1)(a) |
| 4    | D              | Activities without consideration constitutes supply under Sec. 7(1)(c) read with Schedule I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 5    | A              | Classification of Supply as goods or Services is given u/s 7(1A) read with Schedule II                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 6    | D              | Activities not regarded as supply is given under Sec. 7(2) read with Schedule III                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 7    | B              | Sec. 2(17) deals with the definition of business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 8    | C              | Sec. 2(31) deals with definition of Consideration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9  | B | Supply of goods by an importer after clearance from customs - Not excluded from supply u/s 7(2) - Only goods sold before clearance by importer is excluded from supply Supply of goods by an importer before clearance from customs - Excluded from supply u/s 7(2) Services by employer to employee - Not excluded from supply u/s 7(2) - Only services rendered by employee to employer in the course of employment is excluded.                                                                             |
| 10 | B | Lottery, betting, gambling, horse racing, casino's and online money gaming transactions - Not excluded from supply and is covered under supply Salary to partners by partnership firm -It is considered as distribution of profits and not a supply Sale of crypto currency viz. Bit coins- Not covered under Money and constitutes supply Services by a stock broker in relation to transaction in securities -Treated as supply of service as per explanation to the definition of service under sec. 2(102) |
| 11 | D | 1) Donations received by a charitable institution from X Ltd. for providing training in yoga to its employees - Conditional donation, therefore treated as consideration,<br>2) Car received by a doctor from a patient for carrying out heart transplantation - Car is non monetary consideration in response to providing treatment,<br>3) Deposits received from traders by an association and has written off to profit and loss account - Non refundable deposits are treated as consideration.           |
| 12 | D | In case of sale of land, it is always excluded from supply. Only in case of building, entire / part consideration should be received before Completion certificate or first occupation, whichever is earlier, for exclusion from supply .                                                                                                                                                                                                                                                                      |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 13 | D | If ITC availed on such business assets, then it is supply under Sec. 7(1)(c) and if ITC is not availed on such business assets, then it is not a supply.                                                                                                                                                                                                                                                                                                                                                                    |
| 14 | D | In case of disposal of business assets without consideration, on which ITC is availed, it is supply under Sec. 7(1)(c) Such disposal may or may not be in the course or furtherance of business. But, other activities covered under Sec. 7(1)(c) should be without consideration and in the course or furtherance of business.                                                                                                                                                                                             |
| 15 | D | Holding 35% by a person in a company cannot be regarded as control as the investment should be or equal to 50%, in order to qualify as control. Therefore, in the present case, it is not a transition between related persons and do not constitute supply as the same Is not covered in Sec. 7(1)(c)                                                                                                                                                                                                                      |
| 16 | C | Supply by a club to its members without consideration is not covered under Sec. 7(1)(c) and , consequently it is not a supply                                                                                                                                                                                                                                                                                                                                                                                               |
| 17 | C | As the gift per annum per employee exceeds ₹ 50,000, entire value of gift is covered under supply and taxable                                                                                                                                                                                                                                                                                                                                                                                                               |
| 18 | B | <p>(i) Service provided by an employer to his employee on the occasion of his marriage - Not covered in schedule III</p> <p>(ii) The functions performed by the members of municipalities and local authorities - Covered in Schedule III (Govt. Posts)</p> <p>(iii) The duties performed by a director in a body established by the Central Government -Covered in Schedule III (Nominated posts)</p> <p>(iv) Actionable claims, other than specified actionable claims - Covered in schedule III (Specific exclusion)</p> |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 19 | C | <p>(i) When the Head Office makes a supply of services to its own branch outside the State. - Supply u/s 7(1)(c)</p> <p>(ii) When a person import services without consideration for the purposes of his business from his elder brother dependent on him living outside India. - Supply u/s 7(1)(c)</p> <p>(iii) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car. - Not a supply</p> <p>(iv) When a principal makes supplies to his agent who is also registered and is situated within the same State. - Supply u/s 7(1)(c)</p> |
| 20 | C | <p>Zero rated supply under Sec. 16 of IGST Act, 2017 is a)</p> <p>Export of goods or services</p> <p>b) Supply to SEZ unit or Developer</p> <p>c) Supply by SEZ unit or developer is not a zero rated supply</p>                                                                                                                                                                                                                                                                                                                                                                            |

**N O T E S**

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 | C | <p>(i) Mr. A pays some consideration for the services received - Import of services for a consideration whether or not in the course or furtherance of business constitutes supply u/s 7(1)(b)</p> <p>(ii) Mr. A pays some consideration for the services received and if Mr. A uses the said service for business purposes - Import of services for a consideration whether or not in the course or furtherance of business constitutes supply u/s 7(1)(b)</p> <p>(iii) Mr. A uses the said service for business purposes even though he does not pay any consideration for the same - Import of services without consideration but not from a related person or another establishment. Therefore, it is not a supply</p> <p>(iv) Mr. A uses the said service for personal purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants - Import of services without consideration, even though from a related person but not in the course of furtherance of business. Therefore, it is not a supply</p> <p>v) Mr. A uses the said service for business purposes and does not pay any consideration for the same and is also (v) Mr. A uses the said service for business purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants -</p> |  |  | <p>Import of services without consideration from a related person in the course or furtherance of business constitutes supply under Sec. 7(1)(c)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 22 | A |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  | <p>a) An architect in India seeks legal advice from his son settled in London free of cost with regard to his family dispute. - Son whether or not dependent is a related person to the Architect and it is import of services from a related person without consideration. But it do not constitute supply as the same is not in the course or furtherance of business</p> <p>b) It is supply under Sec. 7(1)(a)</p> <p>c) It is supply under Sec. 7(1)(c) - Permanent transfer or disposal of business asset on which ITC is availed.</p> <p>d) It is supply under Sec. 7(1)(c) - Import of services without consideration from a related person or another establishment, in the course or furtherance of business</p> |
| 23 | D |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  | <p>(i) Permanent transfer of business assets where input tax credit has been availed on such assets - It is supply u/s 7(1)(c)</p> <p>(ii) temporary transfer of intellectual property right - It is supply u/s 7(1)(a)</p> <p>(iii) transportation of deceased - Not a Supply as per Sec. 7(2) read with schedule III</p>                                                                                                                                                                                                                                                                                                                                                                                                |
| 24 | B |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  | <p>As per explanation to Sec. 15 of CGST Act, any person directly or indirectly controls other person, are said to be related. Control is said to exist if the investment either in equity or preference is more than 50 %</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |



|    |   |                                                                                                                                                                                                                                                                                                 |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25 | C | As per the Section 7(1)(c) the aggregate value of Gift to the employee in the financial year does not exceed 50,000 will not be considered as supply. In the present case the value of Gift per employee does is 35,000 (ie. 52,50,000/150) which does not exceed 50,000 so it is not a supply. |
| 26 | A | As invoice is raised by supplier in the name of principal but not in the name of agent, such agent is not acting on behalf of principal and the transaction involving goods between agent and principal is not a supply.                                                                        |
| 27 | D | As per CBIC circular, it had been clarified by the board that, GST on Priority Sector Lending Certificate is leviable and treated as supply of goods and they are similar to duty scrips.                                                                                                       |
| 28 | A | As per Sec. 2(52) "goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply                |
| 29 | B | As per Sec. 2(88) "principal" means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both                                                                                                                                                 |
| 30 | A | Tenancy premium received is only chargeable to GST in the hands of tenant. In the present case, as there is no tenancy premium, there is no taxable supply.                                                                                                                                     |
| 31 | D | Tenancy premium received by the property owner is taxable, if rent w.r.to such property is taxable. However, tenancy premium received by the tenant is always taxable. (eg. renouncement or transfer)                                                                                           |
| 32 | A | Transaction in securities is neither supply of goods nor supply of services                                                                                                                                                                                                                     |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 33 | B | a) Art works sent by artist to galleries for exhibition- It not a supply as there is no flow of consideration for the art work send to galleries only upon sale of the art the supply take place.<br>b) Sale of car by an automobile company to a car dealer - It is supply under section 7<br>c) Donation of paintings by an artist to a trust. Voluntary contribution will not constitute supply as there is no supply of service or good for the consideration paid.<br>d) Sale of securities. As securities are not covered under the definition of Goods it will not be treated as supply of goods |
| 34 | C | As per the section 2(49) "family" means,—(i) the spouse and children of the person, (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person;                                                                                                                                                                                                                                                                                                                                                                                      |
| 35 | D | The exact provisions of CGST Act as would be applicable to IGST have not been enumerated. However, a list of items have been mentioned, whose corresponding provisions under CGST would apply to IGST Act.                                                                                                                                                                                                                                                                                                                                                                                              |
| 36 | C | Option C is not covered under supply, Option A is covered under 7(1)(b) As per Section 7(1)(b) import of services for a consideration whether or not in the course or furtherance of business. Option B is covered under Section 7(1)(c) read with SCHEDULE I.<br>As per Section 7(1)(c) read with SCHEDULE I - ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION - CENTRAL GOODS AND SERVICES TAX ACT, 2017, Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.                 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 37 | C | Aggregate value of gift in a FY by an Employer to his employee not exceeding Value 50,000 not to treated as supply of goods or service or both. As per the Schedule I Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business: Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both. |    |   | 3) Import of services by a person in India from his brother (wholly dependent on such person in India) in France dependent brother treated as related and therefore it is import of service from a related person and treated as supply under Sec. 7(1)(c)<br>4) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia -Daughter treated as related person, whether or not dependent and therefore it is import of service from a related person and treated as supply under Sec. 7(1)(c)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 38 | B | Sale of ten-paisa coin is treated as supply of goods Money and securities are specifically excluded from the meaning of goods Lottery tickets are actionable claims and included in the meaning of goods                                                                                                                                                                                                                                                                                                                      | 41 | C | In case of barter transactions, one transaction is treated as consideration for the another transaction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 39 | D | Renting of complex is "Transfer of right to use immovable property" which is treated as supply of service Non Compete fee is "Consideration for not doing an act" which is treated as supply of service Repairing of mobile phone is "Carrying out process on goods belonging to another person" which is treated as supply of service Permanent transfer of business asset is "Transfer of title in movable property" which is treated as supply of goods.                                                                   | 42 | D | In case of supply of goods without consideration, the recipient of the transaction is the person who receives such goods. Therefore, Mr. B and Mr. C are treated as recipient. In case of supply of goods for consideration, the recipient of the transaction is the person liable to pay consideration. Therefore, Mr. A is treated as recipient. Section 2 (93)"recipient" of supply of goods or services or both, means—(a)where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;(b)where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and (c)where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such |
| 40 | A | 1) Import of services by a person in India from his son well-settled in USA - Son treated as related person, whether or not dependent and therefore it is import of service from a related person and treated as supply under Sec. 7(1)(c)<br>2) Import of services by a person in India from his brother well-settled in Germany not Dependent and not treated as related and therefore it is not an import of service from a related person and not treated as supply under Sec. 7(1)(c)                                    |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | on behalf of the recipient in relation to the goods or services or both supplied;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 43 | D | In all the given transactions, the supplies are not naturally bundled in the ordinary course of business as one can be supplied without the other. Therefore they fall under MIXED SUPPLY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 44 | B | 1) Supply of an air conditioner along with freight, insurance and installation - Composite supply, as it is naturally bundled in the ordinary course of business, 2) Supply of UPS along with external battery - Not a composite supply, as UPS can be supplied separately and battery can be supplied separately, 3) Supply of architect services along with supply of material incidental to his services -Composite supply, as it is naturally bundled in the ordinary course of business, 4) Supply of lodging service by a hotel including breakfast -Composite supply, as it is naturally bundled in the ordinary course of business                                                                                                            |
| 45 | B | i) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a mixed supply - False, the same are naturally bundled in the ordinary course of business and treated as composite supply<br>ii) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a composite supply - TRUE<br>iii) Mrs. A buys a microwave oven and some utensils for use in microwave oven. Both microwave oven and utensils are sold at a single price. Microwave oven and its utensils here are a mixed supply. - TRUE<br>iv) Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices. |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                     |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | Chocolates, juices and biscuits are a mixed supply.<br>- False, as the price should be single, in order to become mixed supply                                                                                                                                                                                                                                                      |
| 46 | D | Gift or donation are not a supply, As there is no supply of service or goods for the consideration i.e gift or donation, so it will not fall under the ambit of supply under the section 7.                                                                                                                                                                                         |
| 47 | A | Laptop and laptop bag are naturally bundled in the ordinary course of business and are treated as composite supply                                                                                                                                                                                                                                                                  |
| 48 | D | The given supplies are not naturally bundled, therefore it is not a composite supply. Also, as there is no single price, it is not a mixed supply. Therefore it is treated as individual supplies and taxable at respective rates.                                                                                                                                                  |
| 49 | D | Smart phone and tempered glass- Not Naturally bundled and not treated as composite supply, Battery and inverter - Not naturally bundled and not treated as composite supply, Cement and construction under works contract - Naturally bundled and treated as composite supply.                                                                                                      |
| 50 | D | An E Commerce Operator is required to get registered in the following cases<br>1. When an E Commerce Operator is liable to pay GST under Sec. 9(5)<br>2. When an E Commerce Operator is liable to deduct TCS under Sec. 52<br>3. When the threshold limit of E Commerce Operator exceeds the threshold limit for registration<br>Therefore the option (d) all the above is correct. |
| 51 | A | Supply of goods (or) Services covered under Sec. 9(3) are chargeable to GST under RCM. Service covered under Sec. 9(5) where ECO is liable to pay GST are not treated as RCM also import of OIDAR service by NTO is taxable under FCM                                                                                                                                               |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 52 | B | In case of supply of goods through an ECO, liability to pay GST is on supplier of goods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|    |   | and ECO is required to pay GST on the commission and other charges.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 53 | B | 1) Supply between two taxable persons is chargeable to GST<br>2) Non taxable person to non taxable person is not chargeable to GST<br>3) Supply by taxable person to non taxable person, chargeable to GST in the hands of supplier under FCM<br>4) Supply by non taxable person to taxable person is chargeable to GST, if covered under RCM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 54 | D | The maximum rate of CGST is 20% and the maximum rate of SGST is 20% Therefore, the maximum rate of IGST is 40%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 55 | C | As per Sec. 9(5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services: Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax: Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | of paying tax and such person shall be liable to pay tax.                                                                                                                                                                                                                                                                                                                                                                 |
| 56 | B | For notified service under the section 9(5) where the ECO is liable to pay GST under RCM, in all other cases supplier through ECO is liable to pay GST under FCM. Hence all the supply of goods and/or services on an electronic platform for commerce other than the supplies of e-commerce operator himself cover under GST                                                                                             |
| 57 | D | As per the section 2(45) "electronic commerce operator" means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.                                                                                                                                                                                                                                                |
| 58 | C | Services notified under Sec. 9(5) of CGST Act H - Housekeeping services (When the supplier is unregistered)<br>A - Accommodation services (When the supplier is unregistered)<br>T - Transportation of passengers (Other than OMNI Bus capacity > 6 passengers) by a company.<br>E - Eating food from restaurant (Whether supplier is registered or unregistered)<br>Note: Airlines not treated as motor vehicle.         |
| 59 | D | i) Contract Value (Excl. GST) = ₹ 2,60,000 × 100/118 = ₹ 2,20,339<br>which does not exceed ₹ 2,50,000. Therefore, TDS u/s 51 not applicable<br>ii) Catering services provided to educational institution which is providing education upto 12th Std (or) Equivalent is exempted. So TDS not applicable.<br>iii) Contract Value of supply = ₹ 5,00,000 × 100/118 = ₹ 4,23,729<br>Which (excl. GST) has exceeded ₹ 2,50,000 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | Therefore, TDS u/s 51 applicable in this case<br>iv) Contract value of supply = ₹ 3,00,000 × 100/118<br>= ₹ 2,54,237, which has exceeded ₹ 2,50,000 Therefore TDS applicable in this case                                                                                                                                                                                                                                                                                                           |
| 60 | A | 1) Zero rated supplies can be any supply with any rate of GST but exported (or) Supplied to SEZ So given statement is False<br>2) It is Zero rated but not exempted. So given statement is False.<br>3) Supplies not leviable to CGST Act (or) IGST Act (or) both, are treated as non-taxable supplies. So given statement is False.<br>4) Exempted goods (or) services when exported are treated as Zero rated and in such case they can avail ITC on inward supplies. So given statement is true. |

N O T E S

N O T E S



# INVOICE & TIME OF SUPPLY

## Question 1

What is time of supply of goods, in case of forward charge wr.to a person opting for other than composition Scheme?

- (A) Date of issue of invoice
- (B) Due date of issue of invoice
- (C) Date of receipt of consideration by the supplier
- (D) Earlier of (A) & (B)

## Question 2

What is the time of supply of service if the invoice is issued within 30 days from the date of provision of service?

- (A) Date of issue of invoice
- (B) Date on which the supplier receives payment
- (C) Date of provision of service
- (D) Earlier of (a) & (b)

## Question 3

What is the time of supply of service for the supply of taxable services up to ₹1000 in excess of the amount indicated in the taxable invoice?

- (A) Date of issue of invoice
- (B) At the option of the supplier – Invoice date or Date of receipt of consideration
- (C) Date of receipt of consideration.
- (D) Date of entry in books of account

## Question 4

Value of services rendered is ₹1,00,000/-. Date of issue of invoice is 5th October 2018. Advance Received is ₹25,000/- on 20th September 2018. Balance amount received on 7th October 2018. What is the time of supply for ₹1,00,000/

- (A) 5th October 2018 for ₹1,00,000/-
- (B) 20th September 2018 for ₹1,00,000/-
- (C) 20th September 2018- ₹25,000/- and 5th October 2018 for ₹75,000/-
- (D) 20th September 2018- ₹25,000/- and 7th October 2018 for ₹75,000/-

## Question 5

What is the time of supply of vouchers when the supply with respect to the voucher is not identifiable?

- (A) Date of issue of voucher
- (B) Date of redemption of voucher
- (C) Earlier of (A) & (B)
- (D) (A) & (B) whichever is later

## Question 6

What is the time of supply of service in case an associated enterprise receives services from the service provider located outside India?

- (A) Date of entry in the books of account of associated enterprise(recipient)
- (B) Date of payment
- (C) Earlier of (A) & (B)
- (D) Date of entry in the books of the supplier of service

## Question 7

How is the date of receipt of consideration by the supplier determined?

- (A) Date on which the receipt of payment is entered in the books of account
- (B) Date on which the receipt of payment is credited in the bank account
- (C) Earlier of (A) & (B)
- (D) (A) & (B) whichever is later

## Question 8

Law permits collection of tax on supplies effected prior to registration, but after applying for registration:

- (A) Yes, but only on intra-State supplies, if the revised invoice is raised within one month
- (B) Yes, but only on intra-State supplies effected to unregistered persons, if the revised invoice is raised within one month
- (C) Yes, on all supplies, if the revised invoice is raised within one month
- (D) No, tax can be collected only on supplies effected after registration is granted.

## Question 9

A bill of supply can be issued in case of interState and intraState:

- (A) Exempted supplies
- (B) Supplies to unregistered persons
- (C) Both of above
- (D) None of the above

## Question 10

An acknowledgment must be given on receipt of advance payment in respect of supply of goods or services:

- (A) Yes, in the form of a proforma invoice
- (B) Yes, as a receipt voucher
- (C) Yes, the invoice must be raised to that extent
- (D) None of the above

## Question 11

A continuous supply of goods requires one of the following as a must:

- (A) The goods must be notified by the Commissioner in this behalf
- (B) The contract for supply lasts for a minimum period of 3 months
- (C) The supply is made by means of a wire, cable, pipeline or other conduit

- ① Supplier invoices the recipient on a regular or periodic basis

### Question .12

A payment voucher need not be raised if the supplier is an unregistered person.

- ① True, as the recipient is required to issue an invoice in that case  
 ② True, if the unregistered person does not require it  
 ③ False, a payment voucher is the only document to evidence the supply  
 ④ False, payment voucher should be issued in addition to raising an invoice for the inward supply

### Question .13

A credit note is issued by \_\_\_\_\_ and it is a document accepted for GST purposes:

- ① Supplier, for reducing the tax/ taxable value  
 ② Recipient, for reducing the tax/ taxable value  
 ③ Supplier, for increasing the tax/ taxable value  
 ④ Recipient, for increasing the tax/ taxable value

### Question .14

The name of the State of recipient along with State code is required on the invoice where:

- ① Supplies are made to unregistered persons  
 ② Supplies are made to unregistered persons where the value of supply is ₹ 50,000 or more  
 ③ Supplies are made to unregistered persons where the value of supply does not exceed ₹ 50,000 or more  
 ④ Supplies are made to registered persons

### Question .15

If Supply of Services has ceased under a contract before the completion of supply:

- ① Invoice has to be issued within 30 days on the basis of 'Quantum Meruit' from the date of cessation  
 ② Invoice has to be issued at the time of cessation to the extent of the supply effected  
 ③ Invoice has to be issued for the full value of the contract after deducting a percentage thereof as prescribed  
 ④ Invoice cannot be issued as the matter will be sub-judice.

### Question .16

The last date for declaring the details of a Credit Note w.r.to invoice issued on 25 Jun 2021, where annual return for the financial year 2022-23 filed on 20-Jul-2023 is:

- ① 31st Dec-2023 – Last date for filing annual return  
 ② 20th Jul-2023 – Actual date for filing annual return  
 ③ 20th Jan-2023 – Due Date of Filing of

December Return

- ④ 20th Oct-2018 – Due Date of Filing of September Return

### Question .17

M/s. Tanatan received testing services from Aquarian Solution (P) Ltd. on 10th May 2018. The payment was entered in the books of account of M/s. Tanatan on 16th May 2018 and was credited in the bank account of supplier on 19th May 2018. In the meantime, supplier issued invoice on 18May2018. What will be the time of supply in this case?

- ① 10th May-2018  
 ② 18th May-2018  
 ③ 16th May-2018  
 ④ 19th May-2018

### Question .18

Which documents are required to send goods from branch office in one state to head office in another state

- ① Tax invoice and e way bill  
 ② Receipt Voucher and e way bill  
 ③ Payment Voucher and e way bill  
 ④ Delivery challan and every bill

### Question .19

In which of the following cases, a tax invoice under GST is not required to be issued by a registered person?

- ① Value of the goods/services/both supplied is less than ₹ 200 and recipient is unregistered.  
 ② Value of the goods/services/both supplied is less than ₹ 200 and recipient is registered.  
 ③ Value of the goods/services/both supplied is more than ₹ 200 and recipient is unregistered.  
 ④ Value of the goods/services/both supplied is equal to ₹ 200 and recipient is unregistered.

### Question .20

XYZ Ltd. registered in Delhi, wishes to transfer the taxable goods to one of its business in a different place having same PAN and registered within same State. Which document shall be issued by the Company in this situation?

- ① Delivery Challan  
 ② Tax Invoice  
 ③ Bill of Supply  
 ④ Invoice cum bill of supply

### Question .21

Mr. A purchases redeemable vouchers worth ₹ 8000/ on 1st January. The vouchers are redeemable against purchase of any goods. The vouchers are valid till 30th June. What will be the time of supply in case of such vouchers?

- ① 1st January  
 ② 30th June

- © The date of redemption of vouchers  
 © None of these

### Question .22

In the context of the provisions relating to tax invoice, state which of the following statement is correct

- Ⓐ Every tax invoice shall contain HSN and SAC, however there is relaxation from entering full code of HSN and SAC  
 Ⓑ Every person whether registered or not shall issue tax invoice or bill of supply as the case may be  
 Ⓒ Tax invoice should always be prepared in TRIPLICATE  
 Ⓓ Revised tax invoice can be issued in case of registered as well as unregistered recipients

### Question .23

The number of digits of HSN code (out of 8 digits) that shall to be mentioned in tax invoice for a tax payer who is making supply to an unregistered person, having ₹ 2 Crores of turnover during preceding financial year is \_\_\_\_\_

- Ⓐ Nil  
 Ⓑ 2 digits  
 Ⓒ 4 digits  
 Ⓓ 6 digits

### Question .24

Mr. X has crossed threshold limit of ₹ 20 lakhs on 14.04.2023 and is liable to get registered. He made application for registration on 10.05.2023 and registration granted on 25.05.2023. What is the effective date of registration and what is the document issued for supplies made between 14.4.2023 and 24.05.2023?

- Ⓐ 14.04.2018 & Revised tax invoice  
 Ⓑ 10.05.2018 & normal invoice  
 Ⓒ 25.05.2018 & bill of supply  
 Ⓓ 13.05.2018 & invoice cum revised tax invoice

### Question .25

Since some customers may not bear the taxes, if shown separately, select which of the following course of action is valid?

- Ⓐ An invoice showing consolidated amount along with tax portion shall be issued by marking "price inclusive of all taxes"  
 Ⓑ An invoice showing consolidated amount along with tax portion shall be issued without any reference to tax and the entire amount represented as "Sale Price"  
 Ⓒ The invoice rules prescribe a separate field to mandatorily mention prominently, the amount of tax and the rate of tax applicable on the price at which the supply is made  
 Ⓓ Both (b) and (c)

### Question .26

What is the meaning of date of payment as per Sec. 12 of CGST Act

- Ⓐ Date on which payment is entered in the books of accounts  
 Ⓑ Date on which payment is credited to bank account  
 Ⓒ (a) or (b), whichever is later  
 Ⓓ (a) or (b), whichever is earlier

### Question .27

Where time of supply cannot be determined as per the specific provision then what is the next parameter used for determination of time of supply?

- Ⓐ Tax paid date  
 Ⓑ Periodical return  
 Ⓒ Both (a) and (b)  
 Ⓓ None of the above

### Question .28

What is the date for determination of time of supply in case of addition in the value of supply by way of debit note?

- Ⓐ Date of issuance of original invoice  
 Ⓑ Date of issuance of debit note  
 Ⓒ Date of receipt of original invoice by recipient  
 Ⓓ Date of receipt of consideration by the supplier

### Question .29

Determine the time of supply from the following information: Date of completion of service 16/7/2023  
 Date of invoice 26/8/2023 Date of payment entry in supplier's books 28/9/2023 Date of credit in bank account 30/9/2023

- Ⓐ 16/7/2023  
 Ⓑ 26/8/2023  
 Ⓒ 28/9/2023  
 Ⓓ 30/9/2023

### Question .30

A purchase order with advance of ₹ 1,25,000 is received on 15/7/2018 for machine worth ₹ 25,00,000 and entry duly made in the seller's books of account. On 25/7/2018 the machine is assembled, tested at site and accepted by the buyer. Invoice is raised on 30/8/2018 and balance payment of ₹ 23.75,000 is received on 10/9/2018. What is the time of supply in case of advance and balance payment?

- Ⓐ 25/7/2018 in both cases  
 Ⓑ 15/7/2018 and 25/7/2018  
 Ⓒ 15/7/2018 and 30/8/2018  
 Ⓓ 10/9/2018 in both cases

### Question .31

Mr. Sham is receiving legal services from a lawyer Mr. Gyan. The information regarding date of



payment, invoice etc. is as follows

1. Invoice issued by Mr. Gyan on 15Apr20XX ,
2. Payment received by Mr. Gyan on 5May20XX
3. Date of payment entered in books of accounts of Sham:

1May20XX What is time of supply of services ?

- (A) 1st May
- (B) 5th May
- (C) 14th June
- (D) 15th April

Question .32 

In case of taxable supply of services by a non banking financial company (NBFC), invoice shall be issued within a period of \_\_\_\_\_ from the date of supply of service.

- (A) 30 days
- (B) 45 days
- (C) End of the quarter in which supply is made
- (D) Invoice not required. SMS is considered as invoice

Question .33 

What is the consequence to a supplier, when a debit note is issued

- (A) Liability increases
- (B) Liability decreases
- (C) ITC increases
- (D) ITC decreases

Question .34 

What is the consequence to a supplier when a credit note is issued

- (A) Liability increases
- (B) Liability decreases
- (C) ITC increases
- (D) ITC decreases

Question .35 

What is the consequence to the recipient when a credit note is issued, if they have sufficient balance in electronic credit ledger.

- (A) Liability increases
- (B) Liability decreases
- (C) ITC decreases
- (D) ITC increases

Question .36 

There was increase in tax rate from 20% to 24% w.e.f. 1.9.2018. Which of the following rate is applicable if the supplier has not opted for composition levy say Sita Manufacturers, Delhi supplies goods to Aakash Electronics, Dehradun. Further, Goods were removed from its factory in Delhi on 31.08.2018; invoice is issued on 31.08.2018 and payment is received on 4.09.2018.

- (A) 20% as it is lower of the two.
- (B) 24% as it is higher of the two.
- (C) 20% as date of invoice and dispatch of goods

from factory, has happened before change of rate.

- (D) 24% as both, payment and completion of supply, has happened after change of rate.

Question .37 

There was increase in tax rate from 20% to 24% w.e.f. 1.09.2018. Which of the following rate is applicable when services are provided after change in rate of tax in September 2018, but invoice issued and payment received, both in August, 2018:

- (A) 20% as it is lower of the two
- (B) 24% as it is higher of the two
- (C) 20% as invoice and payment were received prior to rate change
- (D) 24% as the supply was completed after rate change

Question .38 

Mr. Tommy entered into a contract for supply of service of exploration of petroleum crude on 15Jan 2018. He raised the invoice on 20Jan2018 and received the payment via cheque on 24Jan2018 which he presented to bank for clearance on the same day. On 25Jan2018, the rate of tax on this service changed from 18% to 12%. The payment was credited in his bank account on 31Jan2018, assuming 27Jan2018, 28Jan2018, 29Jan2018, and 30Jan2018 to be working days. The service was rendered to the recipient on 1Feb2018. What will be the rate of tax and time of supply in this case?

- (A) 18%, 20-Jan-2018
- (B) 18%, 24-Jan-2018
- (C) 12%, 31-Jan-2018
- (D) 12%, 1-Feb-2018

Question .39 

Mr. X enters into a contract with a client for supply of certain services on 18.12.2017. GST is payable on such services under forward charge. Services are rendered on 25.12.2017 and invoiced on 05.01.2018. The client makes payment by cheque for the services on 29.12.2017 and such payment is credited to the bank account of Mr. X on 06.01.2018. The payment is recorded in the books of account of the client and Mr. X on 30.12.2017 and 07.01.2018 respectively. The time of supply of services is:

- (A) 29.12.2017
- (B) 30.12.2017
- (C) 06.01.2018
- (D) 05.01.2018

Question .40 

Kutch Refineries supplies LPG to XYZ Ltd. by a pipeline under a contract. The terms of contract are:

- I. Monthly payment of 2 lakh to be made by the recipient on fifth day of the month.
- II. A quarterly statement of the goods dispatched

and payments made will be issued by seventh day of the month succeeding the relevant quarter. Based on the following information, Select the correct statement.

- (A) Invoice will be issued on August 5, September 5, October 5 and October 7.  
 (B) Invoice will be issued on August 5, September 5 and October 5.  
 (C) Invoice will be issued on August 5, September 5, October 5, October 7 and October 17  
 (D) None of the above

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                          |
|------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | D              | As per Sec. 12(2) of CGST Act, Time of supply in case of goods covered under FCM is due date of invoice or actual date of invoice, whichever is Earlier.                                                                                                                                                                                             |
| 2    | D              | As per Sec. 13(2) of CGST Act, 2017 time of supply of services, if invoice issued within due date is a) Date of invoice (or) b) Date of receipt of payment, whichever is earlier.                                                                                                                                                                    |
| 3    | B              | As per Proviso to Sec. 13(2) of CGST Act, where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount. |
| 4    | C              | Time of supply in case of services covered under FCM is invoice date or payment date, whichever is earlier W.r.to advance of ₹ 25,000, TOS is 20th September 2018 and w.r.to balance amount of ₹ 75,000, TOS is 5th October 2018                                                                                                                     |
| 5    | B              | In case of identifiable voucher, time of supply is the date of issuance of voucher and in case of non identifiable voucher, time of supply is the date of redemption                                                                                                                                                                                 |
| 6    | C              | As per proviso to Sec. 13(3) of CGST Act, 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.                                                                                                                                                                                                                                                                                                                       |
| 7  | C | "The date of receipt of payment" shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.                                                                                                                                                                                                                                                                  |
| 8  | C | As per Sec. 31(3)(a) of CGST Act, a registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him. Therefore, on all supplies, revised tax invoice can be issued and it should be issued within 1 month. |
| 9  | A | As per Sec. 31(3)(c) of CGST Act, a registered person supplying exempted goods or services or both or paying tax under composition scheme, shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed. Bill of supply to be issued in case of supplies to registered persons or unregistered persons.                                                                                                              |
| 10 | B | As per Sec. 31(3)(d) of CGST Act, a registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment                                                                                                                                                                                             |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11 | D | As per Sec. 2(32) "continuous supply of goods" means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify;                                                                                                                                                               |
| 12 | D | As Per Sec. 31(3)(g) a registered person who is liable to pay tax under RCM shall issue a payment voucher at the time of making payment to the supplier. Payment voucher is required, whether a supplier is registered person or unregistered person.                                                                                                                                                                                                                                                                                                                                                                   |
| 13 | A | As per Sec. 34 of CGST Act, Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient a one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed. |
| 14 | B | As per Rule 46 of CGST Rules, 2017, a tax invoice shall contain the following particulars ( name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is fifty thousand rupees or more; However, in case of services through ECO & OIDAR Services, even if value < ₹ 50,000 recipient mentioned in invoice                                                                                                                                                                             |

|    |   |                                                                                                                                                                                                                                                                                                             |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15 | B | As per Sec. 31(6) of CGST Act, In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.                  |
| 16 | B | Time limit for declaring credit Note: 30th November of succeeding financial year (or) Date of filing annual return, whichever is earlier. In the present case, date of filing annual return is earlier i.e., 20th July 2023 and that will be taken as the last date for declaring details of a credit note. |
| 17 | B | As per Sec. 13(2) of CGST Act, time of supply of services covered under FCM is date of invoice (or) date of payment, whichever is earlier. In this case invoice is issued on 18th May 2017 and payment date is 19th May, whichever is earlier is 18th May 2018                                              |
| 18 | A | Establishment of a registered person in a state and another establishment of the same registered person in another state are treated as distinct persons as per Sec. 25 of CGST Act, 2017. Therefore, in the present case it is taxable supply and tax invoice shall be issued along with E Way Bill        |
| 19 | A | As per Sec. 31(3)(b) of CGST Act, a registered person may not issue a tax invoice if the value of the goods or services or both supplied is less than two hundred rupees subject to such conditions and in such manner as may be prescribed                                                                 |
| 20 | B | Establishment of a registered person in a state and another establishment of the same registered person in the same state are treated as distinct persons as per Sec. 25 of CGST Act, 2017. Therefore, in the present case it is taxable supply and tax invoice shall be issued along with E Way Bill       |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 | C | As per Sec. 12(4) of CGST Act, TOS in case of vouchers which are non-identifiable, is the date of redemption of vouchers                                                                                                                                                                                                                                                                      |
| 22 | D | (i) There is no relaxation in entering SAC - Therefore, first statement is incorrect. (ii) Unregistered person is not required to issue tax invoice - Therefore, second statement is incorrect (iii) Tax invoice in case of services to be prepared in DUPLICATE - Therefore, third statement is incorrect                                                                                    |
| 23 | A | If ATO during previous year does not exceed ₹ 5 Crores - 4 digits of HSN to be declared in invoice in case of B2B supply If ATO during previous year exceeds ₹ 5 Crores - 6 digits of HSN to be declared in invoice in case of B2B and B2C Supply                                                                                                                                             |
| 24 | A | The effective date of registration in case application is made within 30 days from the date they are liable to get registered, is the date on which they are liable to get registered. Therefore, in the present case effective date of registration is 14.04.2023 Revised tax invoice to be issued for recovering GST on supplies between 14.04.2023 and 24.05.2023.                         |
| 25 | C | As per Sec. 33 of CGST Act, Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of                                          |
|    |   | tax which shall form part of the price at which such supply is made.                                                                                                                                                                                                                                                                                                                          |
| 26 | D | "The date on which the supplier receives the payment" shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.                                                                                                                                                                       |
| 27 | C | As per Sec. 12(5) of CGST Act, Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall--(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or (b) in any other case, be the date on which the tax is paid.                    |
| 28 | D | As per Sec. 12(6) of CGST Act, The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.                                                                                                                    |
| 29 | A | As invoice is not issued within 30 days from the date of completion of service, the time of supply in case of services covered under FCM is date of completion (or) date of payment, whichever is earlier In the present case, date of completion is 16/7/2023 Date of payment is the entry date or credit date, whichever is earlier i.e., 28/9/2023 Therefore, time of supply is 16/7/2023. |
| 30 | A | Time of supply in case of goods covered under FCM is due date of invoice or actual date of invoice, whichever is earlier. Due date of invoice, is the date on which goods are made available to recipient, as supply does not involve movement of goods i.e., 25/7/2018<br>Therefore, time of supply is 25/7/2018 in case of both advance and balance amount .                                |
| 31 | A | As per Sec. 13(3) of CGST Act, time of supply in case of services covered under RCM is as follows<br>a) Date of which payment is made to supplier i.e., 1st May<br>b) 61st day from the date of invoice<br>i.e., 15th April + 61st day = 15th June, whichever is earlier<br>Therefore, Time of supply is 1st May .                                                                            |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 32 | B | In case of baking company and insurance company, tax invoice shall be issued within 45 days from the date of completion of service.                                                                                                                                                                                                                                                                                                                                                                                   |
| 33 | A | When debit note is issued by supplier to recipient, liability of supplier increases and ITC of recipient also increases.                                                                                                                                                                                                                                                                                                                                                                                              |
| 34 | B | When a credit note is issued by supplier to recipient, supplier liability decreases recipient ITC decreases                                                                                                                                                                                                                                                                                                                                                                                                           |
| 35 | C | When a credit note is issued by supplier to recipient, supplier liability decreases, recipient ITC decreases. Note: If recipient is not having sufficient balance in electronic credit ledger, then liability increases.                                                                                                                                                                                                                                                                                              |
| 36 | C | In case of supply of goods, TOS shall be due date of invoice or actual date of invoice whichever is earlier, even though there is a change in rate. Therefore, in the present case, due date of invoice is the date of removal i.e., 31.08.2018 and actual date of invoice is 31.08.2018 The rate prevailing on 31.08.2018 is old rate i.e., 20%                                                                                                                                                                      |
| 37 | C | In case when supply is after change in rate, but both invoice and payment is before change in rate, TOS shall be invoice date or payment date whichever is earlier and old rate will be applicable                                                                                                                                                                                                                                                                                                                    |
| 38 | C | Date of completion = 01.02.2018<br>Change in rate of tax = 25.01.2018<br>As date of completion is after change in rate of tax, TOS to be determined as per Sec. 14(2) of CGST Act Date of invoice = 20.01.2018, Date of payment = 31.01.2018 (As payment not credited in bank account within 4 working days from 25.01.2018, the date of credit in bank account is taken as the date of payment)<br>TOS is date of invoice or date of payment, whichever is later. i.e., 31.01.2018 and new rate of 12% is applicable |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 39 | D | Date of completion of service = 25.12.2017 Date of invoice = 05.01.2018 (Within 30 days from the date of completion)<br>Time of supply is date of invoice (05.01.2018) or date of payment (06.01.2018), whichever is earlier Note: Date of payment is date of credit in bank account (06.01.2018) or date of entry in books (07.01.2018), whichever is earlier.                                               |
| 40 | A | Invoice in case of continuous supply of goods to be issued as and when account statement is issued (or) payments are received as the case may be. In the present case invoice to be issued in case of payments arising irrespective of account statement on August 5th, September 5th and October 5th However, in case of payment received based on account statement the invoice to be issued on October 7th |

## NOTES

# PLACE OF SUPPLY

## Question 1

Which of the following is an interState supply?

- (A) Supplier of goods located in Delhi and place of supply of goods is to an SEZ located in Delhi
- (B) Supplier of goods located in Delhi and place of supply of goods in Jaipur
- (C) Supplier of goods located in Delhi and place of supply of goods is to an SEZ located in Chandigarh
- (D) All the above

## Question 2

Which of the following is an intrastate supply?

- (A) Supplier of goods located in Delhi and place of supply of goods SEZ located in Delhi
- (B) Supplier of goods located in Delhi and place of supply of goods in Jaipur
- (C) Supplier of goods located in Delhi and place of supply of goods in Delhi
- (D) All the above

## Question 3

Supply of goods in the course of import into the territory of India is \_\_\_\_\_

- (A) Intrastate supply
- (B) Inter-State supply
- (C) Export
- (D) Neither Export nor Import

## Question 4

Tourist means \_\_\_\_\_

- (A) A person normally resident in India, who enters into India for stay of not more than 6 months for legitimate non immigrant purpose
- (B) A person normally not resident in India, who enters into India for stay of not more than 6 months for legitimate non immigrant purpose
- (C) A person normally resident in India, who enters into India for stay of not more than 12 months for legitimate non immigrant purpose
- (D) A person normally not resident in India, who enters into India for stay of not more than 12 months for legitimate non immigrant purpose.

## Question 5

M/s. Clean and Green (registered in T.N) is providing house keeping services in relation to their immovable property to Zara Ltd. (Registered in K.A) with respect to their place of business in Bengaluru and Chennai. Determine the place of supply with respect to their services?

- (A) Place of Supply = Karnataka
- (B) Place of Supply = Tamil Nadu

- (C) Both (a) and (b)
- (D) Either (a) or (b)

## Question 6

Mr. Radhey Shyam, a Chartered Accountant registered in Delhi, wish to purchase an office in Bengaluru. Mr. Radhey Shyam took financial services from ICICI Bank registered in Chandigarh in which he is an account holder, to procure loan for an office property situated in Bengaluru. He paid ₹ 20,000/ as processing fee for this loan to the bank. What will be the place of supply for the bank in this situation?

- (A) Delhi
- (B) Chandigarh
- (C) Bengaluru
- (D) None of these

## Question 7

Mr. Hira, a registered person in Gurgaon, avails architect services of Sweet Homes P. Ltd. registered in Mumbai for a property situated in London. What will be the place of supply of Sweet Homes (P) Ltd. in this case?

- (A) Gurgaon
- (B) Mumbai
- (C) London
- (D) None of these

## Question 8

Which of the following is an OIDAR service?

- (i) Online course consisting of prerecorded videos and downloadable PDFs
  - (ii) PDF document manually emailed by provider
  - (iii) Individually commissioned content sent in digital form e.g., photographs
  - (iv) Stock photographs available for automatic download
  - (v) PDF document automatically emailed by provider's system.
- (A) (i), (iv)
  - (B) (iv), (v), (ii)
  - (C) (i), (iv), (v)
  - (D) All of the above

## Question 9

Place of supply in case of installation of elevator (goods) is

- (A) Where the movement of elevator commences from the supplier's place
- (B) Where the delivery of elevator is taken
- (C) Where the installation of elevator is made
- (D) Where address of the recipient is mentioned in the invoice



Question .10 

Place of supply of food taken on board at Mumbai for an aircraft operator (Registered in Karnataka) departing from Delhi to Bangalore via Mumbai & Hyderabad for a passenger boarded at Hyderabad is \_\_\_\_\_

- (A) Mumbai
- (B) Hyderabad
- (C) Bangalore
- (D) Delhi

Question .11 

If NM shipping Co. located in Chennai charges ocean freight charges for transport of goods to California for a customer registered in Bangalore, the place of supply of service will be:

- (A) Chennai
- (B) California
- (C) Bangalore
- (D) None of these

Question .12 

Mr. Y residing in Ahmedabad appoints an architect in Delhi to provide Indian traditional home design for his proposed construction at Los Angeles, the place of supply of service is:

- (A) Los Angeles
- (B) Ahmedabad
- (C) Delhi
- (D) None of these

Question .13 

If XYZ Ltd. a company based out of Bangalore, awards online maintenance contract of its servers located in Mumbai office to Y INC, a company based out of USA, and as per the terms of the online maintenance Y INC shall be required to perform regular maintenance from USA using Internet, then the place of supply is

- (A) Bangalore
- (B) Mumbai
- (C) USA
- (D) None of these

Question .14 

The provider of AMC service located in U.K has entered into an agreement for an aircraft company PQR registered in Andhra Pradesh. The service provider provides repair service to the aircraft which is located in Tamil Nadu. The place of service in this

- (A) Outside India I.e UK
- (B) Andhra Pradesh
- (C) Tamil Nadu
- (D) None of these

Question .15 

Mr. X of USA not having bank account in India travels to India on a Tourist Visa and takes a demand draft in Kolkata from HDFC Bank (Registered in West Bengal) for his visa purpose and handed over the same in US Consulate Hyderabad. The place of supply

- (A) USA, if details of recipient available in the records of supplier
- (B) Kolkata
- (C) Hyderabad
- (D) None of these

Question .16 

Mr. X a resident from Pune conducts training for employees of P Ltd. being a registered person under GST based out in Chennai at a resort in Darjeeling. The place of supply in this case is:

- (A) Chennai
- (B) Pune
- (C) Darjeeling
- (D) None of these

Question .17 

Real estate agent in Delhi charges brokerage fee to Company A located in Chandigarh for assistance in getting a commercial property in Kolkata. Which is the place of supply in this case?

- (A) Delhi
- (B) Chandigarh
- (C) Kolkata
- (D) None of these

Question .18 

A Ltd. Located in USA despatched goods from Chennai (Tamil Nadu) to B Ltd. Located in USA. What is the place of supply in this case?

- (A) Not a supply
- (B) POS = Chennai
- (C) POS = USA
- (D) Data insufficient to determine POS

Question .19 

A in Delhi has been awarded a contract by B in Karnataka and B does not specify any details of supplier of goods in the contract. A himself chooses C located in Rajasthan as the supplier and asks C to directly send the goods at Karnataka Site. A does not have any warehouse or does not store goods anywhere else in the state. Thereafter, A uses the goods for installation at the site. A does not have any other contract for installation in Karnataka. What is the place of supply in case of transaction between C and A and between A and B

- (A) Delhi, Karnataka
- (B) Karnataka, Delhi
- (C) Delhi, Rajasthan
- (D) Karnataka, Rajasthan



Question .20 

A located in Mumbai (M.H) takes on hire an Aircraft from B located in Dubai for 15 days (less than a month). What is the place of supply in this case?

- (A) Mumbai (M.H)
- (B) Dubai
- (C) POS cannot be determined
- (D) None of these

Question .21 

A located in Bengaluru (Karnataka) facilitates supply of food grains between B (Kerala) and C (Japan). B supplies goods to C and on completion of the transaction, pays commission to A. What is the place of supply in this case to A ?

- (A) Kerala
- (B) Japan
- (C) Karnataka
- (D) Not a supply

Question .22 

Ms. M imports electric kettles from China for her Kitchen Store in Noida, Uttar Pradesh. Ms. M is registered in Uttar Pradesh. What is the place of supply?

- (A) China
- (B) Noida
- (C) POS cannot be determined based on given facts
- (D) Not a Supply

Question .23 

Shah and Shah, an architectural firm at Kolkata, has been hired by MKF Builders of Mumbai to draw up a plan for a high rise building to be constructed by them in Ahmedabad, Gujarat. What is the place of supply?

- (A) Kolkata
- (B) Mumbai
- (C) Ahmedabad
- (D) Not a Supply

Question .24 

Mr. Suresh (unregistered person based in Noida) signs up with Excellent Linguistics (New Delhi) for receiving training on English speaking at their New Delhi Centre. What is the place of supply

- (A) Noida
- (B) New Delhi
- (C) Not a Supply
- (D) POS cannot be determined

Question .25 

Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organise his wedding at Seychelles (Africa). What is the Place of Supply?

- (A) Chennai
- (B) Hyderabad
- (C) Seychelles
- (D) Not a Supply

Question .26 

Mr. Srikant, a manager in a Bank, is transferred from Bareilly, Uttar Pradesh to Bhopal, Madhya Pradesh. Mr. Srikant's family is stationed in Kanpur, Uttar Pradesh. He hires Goel Carriers of Lucknow, Uttar Pradesh (registered in Uttar Pradesh), to transport his household goods from Kanpur to Bhopal. What is the place of supply w.r.to Goel Carriers ?

- (A) Bareilly
- (B) Bhopal
- (C) Lucknow
- (D) Kanpur

Question .27 

Mr. C (unregistered person in Chennai) has come to Delhi on a vacation. He buys prepaid Delhi Metro bus Card from Delhi Metro (New Delhi) for hassle free commute in the National Capital Region. What is the place of supply with respect to passenger transportation service?

- (A) Delhi
- (B) Chennai
- (C) POS shall be determined for each transaction based on his boarding point
- (D) Information not sufficient to determine POS

Question .28 

Mr. X (New Delhi) imports a machine from Germany for being installed in his factory at New Delhi. To install such machine, Mr. X takes the service of an engineer who comes to India from Germany for this specific installation. What is the place of supply in case of installation service?

- (A) New Delhi
- (B) Germany
- (C) Not a Supply
- (D) None of these

Question .29 

Mr. C, an architect (New Delhi), enters into a contract with Mr. Z of New York to provide professional services in respect of immovable properties of Mr. Z located in Pune and New York. What is the place of supply in case of architect services?

- (A) New Delhi
- (B) New York
- (C) Both Pune & New York
- (D) Pune

Question .30 

ABC (a statutory body located in New Delhi) commissions ST (located in Mumbai) for an advertisement on 'Pradhan Mantri Awas Yojana'

to be displayed in the cinema halls in Chennai and Hyderabad. What is the place of supply w.r.to commission?

- (A) Chennai & New Delhi
- (B) Hyderabad & Mumbai
- (C) New Delhi & Mumbai
- (D) Chennai & Hyderabad

#### Question .31



ABC Ltd., Hyderabad has exported a machine to a company in Indonesia. The machine stops functioning and is thus, imported by ABC Ltd. for free repairs in terms of the sale contract. Repairs are carried out at Mumbai and the machine is exported after repairs without put to use other than for testing. What is the place of supply in case of repairs service?

- (A) Indonesia
- (B) Hyderabad
- (C) Mumbai
- (D) Not a Supply

#### Question .32



PQR Consultants, New Delhi, bags a contract for doing a market research for a vehicle manufacturing company based in South Korea, in respect of its upcoming model of a car. The research is to be carried out in South Korea (20%), China (30%), Australia (15%), Sri Lanka (10%) including New Delhi in India (25%), vide a single contract for lumpsum consideration. What is the place of supply with respect to research activity?

- (A) Each country with respect to proportion of service provided
- (B) only 25% is chargeable to GST and POS is New Delhi
- (C) Entire 100% is chargeable to GST and POS is New Delhi
- (D) Location of recipient i.e. South Korea

#### Question .33



Mr. C, a foreign tourist, on a visit to Varanasi (Uttar Pradesh) uses his international debit card to withdraw money from an ATM of a local Bank registered in Uttar Pradesh. What is the place of supply in the hands of bank?

- (A) Location of Supplier - Uttar Pradesh
- (B) Location of Recipient - Outside India
- (C) Location where services are actually performed - Uttar Pradesh
- (D) POS cannot be determined

#### Question .34



A shipping line, Mumbai, Maharashtra transports a shipment of flowers from Hyderabad to Paris, for an event management company based in Australia. What is the Place of Supply of transportation service?

- (A) Mumbai
- (B) Paris
- (C) Hyderabad
- (D) Australia

#### Question .35



M/s Dhoom Furniture Mart, located and registered under GST in the State of Chhattisgarh, sells furniture from its showroom to M/s Lucky Dhaba (located and registered under GST in the State of Jharkhand).

M/s Lucky Dhaba requested to deliver the furniture to Mr. Pyare Lal at Patna, Bihar. M/s Dhoom Furniture Mart sends the furniture with a proper e-way bill to Patna through a transporter who made the delivery to Mr. Pyare Lal.

Determine the place of supply of furniture sold by M/s Dhoom Furniture

Mart to M/s Lucky Dhaba in the above case.

- (A) Chhattisgarh
- (B) Jharkhand
- (C) Bihar
- (D) Either Jharkhand or Bihar, at the option of the recipient

#### Question .36



Aflatoon Spares (P) Ltd., located and registered under GST in Haryana, supplied spare parts (FOB basis) to Mr. Laxmi Khurana, an unregistered person, located in Rajasthan. Mr. Laxmi Khurana booked the courier himself with Black Dart Courier (P) Ltd., registered under GST in Delhi for delivery in Rajasthan. Black Dart Courier (P) Ltd. picked up the goods from Haryana handed over by Aflatoon Spares (P) Ltd. and delivered the courier in Rajasthan while passing through the State of Uttar Pradesh.

Determine the place of supply of service provided by Black Dart Courier (P) Ltd. to Mr. Laxmi Khurana:

- (A) Haryana
- (B) Delhi
- (C) Rajasthan
- (D) Uttar Pradesh

#### Question .37



Mr. Javed, an unregistered person residing in Hisar, Haryana, went to Delhi for seeking admission of his child - Mr. Arjun - in CA Intermediate.

Mr. Javed got the demand draft generated at ICIDI Bank Ltd., located and registered under GST in Sahibabad, Uttar Pradesh against cash, for depositing the registration fee to the ICAI.

Mr. Javed does not have a bank account in ICIDI Bank Ltd. and the bank doesn't have any policy of KYC requirements (name, address and other identity verification policy) for customers requiring demand draft and not having account with any of

its branch in India.

Determine the place of supply of service provided by ICIDI Bank Ltd.,

Uttar Pradesh to Mr. Javed.

- (A) Delhi
- (B) Uttar Pradesh
- (C) Either Delhi or Uttar Pradesh, at the option of the recipient
- (D) Haryana

Question .38 

Fury Ltd., India, has received an order for supply of services amounting to \$ 5,00,000 from a US based client. Fury Ltd., India is unable to supply the entire services from India and asks Neik Inc., Mexico (who is not an establishment of Fury Ltd.) to supply a part of the services, i.e. 40% of the total contract value to the US client. Fury Ltd. raised the invoice for entire value of \$ 5,00,000, but the US client paid \$ 3,00,000 to Fury Ltd. and \$ 2,00,000 directly to Neik Inc., Mexico which is approved by a special order of RBI. Fury Ltd. also paid IGST@ 18% on the services imported from Neik Inc. Mexico. Assuming all the conditions of section 2(6) of the IGST Act, 2017 are fulfilled, determine the value of export of services assuming that the amounts given above are exclusive of GST.

- (A) \$ 3,00,000
- (B) \$ 5,00,000
- (C) \$ 3,90,000
- (D) \$ 5,90,000

Question .39 

Which of the following services does not qualify as online information database access and retrieval services?

- (A) PDF document manually emailed by provider
- (B) PDF document automatically downloaded from site
- (C) Online course consisting of pre-recorded videos and downloadable PDFs
- (D) Stock photographs available for automatic download

Question .40 

Lucky Singh, a resident of Noida, U.P. (working in a private firm), went to Himachal Pradesh for a family vacation via Delhi-Chandigarh - Himachal Pradesh in his own car. after entering Chandigarh, his car broke down due to some technical issue. he called "OnROADS" - an emergency roadside car assistance company (registered under GST in Delhi) to repair the car. The car was repaired by the staff of 'ONROADS'. 'ONROADS' does not have a record of the addresses of the persons taking the car assistance service. The value of supply amounted to ₹ 50,000 (being labour charges ₹

40,000 and spares ₹ 10,000). The bill was supposed to be generated online though the server, but due to some technical issue, it was not so generated.

- (A) Delhi
- (B) Chandigarh
- (C) Noida, U.P
- (D) Himachal Pradesh

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | D              | <p>In order to treat a supply as interstate supply the place of supply and location of the supplier should be in two different state or union territory or between a state and union territory</p> <p>a) Supplier of goods located in Delhi and place of supply of goods is to an SEZ located in Delhi - deemed interstate supply Sec. (7(5)(b))</p> <p>b) Supplier of goods located in Delhi and place of supply of goods in Jaipur - interstate supply Sec. (7(1))</p> <p>c) Supplier of goods located in Delhi and place of supply of goods is to an SEZ located in Chandigarh - Deemed interstate supply (Sec. 7(5)(b))</p> <p>d) All the above statement are correct.</p> |
| 2    | C              | <p>In order to treat a supply as intrastate supply the place of supply and location of the supplier should be in same state or union territory.</p> <p>a) Supplier of goods located in Delhi and place of supply of goods SEZ located in Delhi- Deemed Interstate, (Sec. 7(5)(b))</p> <p>b) Supplier of goods located in Delhi and place of supply of goods in Jaipur - interstate,</p> <p>c) Supplier of goods located in Delhi and place of supply of goods in Delhi - intra state. (Sec. 8)</p>                                                                                                                                                                             |

|   |   |                                                                                                                                                                                                                                                                                                                               |
|---|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | B | As per the section 7 of the IGST Act Supply of goods in the course of import into the territory of India is treated as deemed interstate supply                                                                                                                                                                               |
| 4 | B | As per Sec. 15 of IGST Act, the term "tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.                                                                                                                                  |
| 5 | C | Supplier - Clean and Green (Tamil Nadu) Recipient - Zara Ltd. (Karnataka) As both supplier and recipient are located in India, POS is determined as per Sec. 12 In case of service in relation to immovable property, POS is the location of immovable property as per Sec. 12 of IGST Act.                                   |
| 6 | A | Supplier = ICICI Bank (Chandigarh) Recipient = Mr. Radhey Shyam (Delhi) As both location of supplier and recipient in India, POS is determined as per Sec. 12 In case of banking and other financial services, POS determined as per general provisions i.e., Location of recipient - Delhi, as recipient is registered (B2B) |
| 7 | A | Supplier = Sweet Homes P. Ltd. (Mumbai) Recipient = Hira (Gurgaon) As both location of supplier and recipient in India, POS is determined as per Sec. 12. In case of services in relation to immovable property, where property is not located in India, POS shall be location of recipient i.e., Gurgaon                     |
| 8 | C | OIDAR service means a service mediated through internet and which is automated. (ii) Not automated, so not a OIDAR service (iii) Not automated, so not a OIDAR service. (i), (iv) & (v) are automated process there is no human intervention, & so it is OIDAR Services.                                                      |
| 9 | C | As per Sec. 10(1)(d) of IGST Act, 2017 where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly.                                                                                                                                                           |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | A | As per Sec. 10(1)(e) of IGST Act, where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board. In the present case, the goods are taken on board in Mumbai.                                                                                                                                                  |
| 11 | C | Supplier = NM Shipping Co. (Tamil Nadu) Recipient = Customer (Karnataka) As both supplier and recipient are located in India, POS determined as per Sec. 12 In case of transportation of goods to registered person POS, is location of recipient i.e., Bangalore (KA)                                                                                                                                                                             |
| 12 | B | Supplier = Architect (Delhi) Recipient = Mr. Y (Ahmedabad) As both location of supplier and recipient in India, POS is determined as per Sec. 12 In case of services in relation to immovable property, where property is not located in India, POS shall be location of recipient i.e., Ahmedabad                                                                                                                                                 |
| 13 | B | Supplier = Y Inc. (USA) Recipient = XYZ Ltd. (KA) As either location of supplier or recipient not in India, POS is determined under Sec. 13 of IGST Act. In case of performance based services in relation to goods, Where physical presence of goods is not required, POS is location of goods i.e., Mumbai                                                                                                                                       |
| 14 | B | Supplier = AMC service provider (UK) Recipient = PQR (AP) As either location of supplier or recipient not in India, POS is determined under Sec. 13 of IGST Act. In case of performance based services in relation to goods, Where physical presence of goods is required, POS is location of performance. However in case of repair services in relation to aircraft used for business purpose, POS is location of recipient i.e., Andhra Pradesh |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15 | A | Supplier = HDFC Bank (West Bengal) Recipient = Mr. X (USA) As both location of supplier and recipient not in India, POS is determined under Sec. 13 of IGST Act. In case of banking and other financial services to account holder, POS is location of supplier. However, if the services are provided to other than account holder, then POS determined as per general provisions i.e., location of recipient i.e., USA |
| 16 | A | Supplier - X (Pune - MD) Recipient - P Ltd. (Chennai - TN) As both supplier and recipient are located in India, POS determined under Sec. 12 In case of training and performance appraisal services to a registered person, POS is the location recipient i.e., Chennai                                                                                                                                                  |
| 17 | C | Supplier - Real estate agent (Delhi) Recipient - Company A (Chandigarh) As both supplier and recipient are located in India, POS determined under Sec. 12. In case of services in relation to immovable property and the property is located in India, POS is location of such property i.e., Kolkata                                                                                                                    |
| 18 | C | Export of goods means, taking goods from India to a place outside India As per Sec. 12, POS in case of export of goods POS Location Outside India i.e USA                                                                                                                                                                                                                                                                |
| 19 | A | <b>Supply between C &amp; A:</b> It is a bill to ship to transaction and as per Sec. 10(1)(b) of IGST Act, POS is billing address i.e., A in Delhi <b>Supply between A &amp; B:</b> It is a normal transaction, that involves installation at site of Mr. B, therefore as per Sec. 10(1)(d) of IGST Act, POS is location of installation i.e., Karnataka.                                                                |
| 20 | A | Supplier - B (Dubai) Recipient - A (M.H) As both supplier and recipient are not located in India, POS is determined as per Sec. 13. In case of hiring of aircraft or vessel, POS is determined as per general provisions i.e., location of recipient - M.H.                                                                                                                                                              |

|    |   |                                                                                                                                                                                                                                                                                                                                                                      |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 | A | Supplier - A (KA) Recipient - B (Kerala). As both supplier and recipient are located in India, POS determined under Sec. 12. In case of intermediary services, POS determined as per general provisions i.e., location of recipient - Kerala                                                                                                                         |
| 22 | B | As per Sec. 11, in case of import of goods, POS is location of importer i.e., NOIDA (UP)                                                                                                                                                                                                                                                                             |
| 23 | C | Supplier - Shah and Shah (Kolkata). Recipient - MKF Builders (MH). As both supplier and recipient are located in India, POS determined under Sec. 12. In case of services in relation to immovable property located in India, POS is location of such property i.e., Ahmedabad (Guj)                                                                                 |
| 24 | B | Supplier - Excellent Linguistics (New Delhi) Recipient - Suresh (Noida, UP) As both supplier and recipient are located in India, POS determined under Sec. 12 In case of training and performance appraisal services to an unregistered person, POS is the location where services are actually performed i.e., New Delhi.                                           |
| 25 | B | Supplier - Grand Wedding planners (Chennai, TN) Recipient - Ramesh (Hyd, Telangana) As both supplier and recipient are located in India, POS determined under Sec. 12. In case of organising an event service to unregistered person, POS is location of event. In this case, as event is held outside India, POS is location of recipient i.e. Hyderabad, Telangana |
| 26 | D | Supplier - Goel Carriers (UP) Recipient - Srikant (UP). As both supplier and recipient are located in India, POS determined under Sec. 12. In case of transportation of goods service to an unregistered person, POS is starting point of goods i.e., Kanpur, UP.                                                                                                    |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27 | B | Supplier - Delhi Metro (New Delhi) Recipient - Mr. C (Chennai, T.N) As both supplier and recipient are located in India, POS determined under Sec. 12 In case of transportation of passengers service to an Unregistered person, POS is starting point of passenger. Where starting point of passenger is not available, POS is determined as per general provisions, which is location of recipient i.e., Chennai                                                                                                                                                             |
| 28 | A | Supplier - Engineer (Germany) Recipient - Mr. X (New Delhi) As both supplier and recipient are not located in India, POS is determined as per Sec. 13. In case of performance based services in relation to goods, where physical presence of goods is required, POS is location where services are actually performed i.e., New Delhi.                                                                                                                                                                                                                                        |
| 29 | D | Supplier - Mr. C (New Delhi) Recipient - Mr. Z (New York) As both supplier and recipient are not located in India, POS is determined as per Sec. 13 In case of service in relation to immovable property, POS is location of such immovable property i.e., PUNE (M.H) and New York Also, as per Sec. 13(6), vide a single contract if POS is partly in India and partly outside India, POS is deemed to be in India. Therefore, Pune (M.H) is taken as POS                                                                                                                     |
| 30 | D | Supplier - ST (Mumbai, MH) Recipient - ABC (New Delhi) As both supplier and recipient are located in India, POS determined under Sec. 12. place of supply of advertisement services to the CG/SG, a statutory body or a local authority shall be taken as being in each of such States or Union territories and the value of such supplies specific to each State or Union territory shall be in proportion to the amount attributable in terms of the contract. In the absence of such information, based on IGST Rules. Therefore, POS in this case is Chennai and Hyderabad |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31 | A | Supplier = ABC Ltd. (Hyd, Telangana). Recipient = Company (Indonesia). As both supplier and recipient are not located in India, POS is determined as per Sec. 13. In case of performance based services in relation to goods, where physical presence of goods is required, POS is location where services are actually performed. However, as per an exception, if the goods are temporarily imported for carrying out repairs or any process and exported after repairs, POS is Location of recipient i.e., Indonesia. |
| 32 | C | As per Sec. 13(6) of IGST Act, vide a single contract if part of the supply is in India and remaining outside India, POS is deemed to be India for entire consideration. Therefore, in the present case POS is New Delhi                                                                                                                                                                                                                                                                                                 |
| 33 | A | Supplier - Bank (UP) Recipient - Mr. C (Foreign tourist) As both supplier and recipient are not located in India, POS is determined as per Sec. 13 In case of banking and other financial services provided to a person other than account holder, POS is as per general provisions i.e., location of recipient in the records of supplier. In the present case, as he is not a person from India, location of recipient not available in the records of supplier, then POS shall be location of supplier - UP           |
| 34 | B | Supplier = Shipping line (Mumbai, MH) Recipient = Event Management company (Australia) As both supplier and recipient are not located in India, POS is determined as per Sec. 13 In case of transportation of goods service, POS shall be ending point of goods i.e., Paris, (as the same is other than mail/ courier)                                                                                                                                                                                                   |
| 35 | B | Jharkhand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 36 | A | Haryana                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 37 | B | Uttar Pradesh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 38 | B | \$ 5,00,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 39 | A | PDF document manually emailed by provider                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 40 | A | <p>Determination of POS of Services<br/>           Sec 12: POS for services where<br/>           LoS and LoR are both in India.<br/>           12(2): Generally, PoS = (B2B<br/>           Supply = LoR) &amp; *(B2C supply =<br/>           Address on record of recipient,<br/>           but if address on record does<br/>           not exist, Then POS = Location<br/>           of Supplier)<br/>           In Given Case<br/>           LoS = "ONROADS" registered in<br/>           Delhi<br/>           LoR = U.P (Lucky Singh being<br/>           resident in Noida, U.P)<br/>           PoS = LoS (being transaction<br/>           is B2C transaction and address<br/>           on record of recipient is not in<br/>           existence) = Delhi</p> |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

NOTES

NOTES

# VALUE OF SUPPLY

## Question 1

A Chartered Accountant issued following bill –

- (i) Professional fees – ₹ 1,00,000
- (ii) Out of pocket expenses – ₹ 10,000
- (iii) MCA for e-filing of documents on MCA portal – ₹ 5,000.

His value of service for tax purposes is:

- (A) 1,15,000
- (B) 1,10,000
- (C) 1,05,000
- (D) 1,00,000

## Question 2

What shall be the value of supply in case of lottery run by the state government?

- (A) 100/112 of the face value of ticket
- (B) 100/128 of the face value of ticket or price as notified by organizing state, whichever is lower
- (C) 100/112 of the face value of ticket or price as notified in the official gazette by the organising state, whichever is higher
- (D) 100/128 of the face value of ticket or price as notified in the official gazette by the organising state, whichever is higher

## Question 3

The value of supply should include

- (A) Any non-GST taxes, duties, cesses, fees charged by supplier separately
- (B) Interest, late fee or penalty for delayed payment of any consideration for any supply of goods or services
- (C) Subsidies directly linked to the price except subsidies provided by the Central and State Government
- (D) All of the above

## Question 4

What shall be the applicable rate of exchange for determination of the value of taxable goods in case of any valuation under foreign supply?

- (A) The RBI reference rate as on the date of agreement to supply
- (B) The Customs rate as on the date of time of supply, notified by CBIC
- (C) GAAP rate as per accounting standards or Ind AS
- (D) Either (b) or (c)

## Question 5

Discount given after the supply is deducted from the value of supply, if –

- (A) such discount is given as per the agreement

entered into at/or before the supply

- (B) such discount is linked to the relevant invoices
- (C) proportionate input tax credit is reversed by the recipient of supply
- (D) all of the above

## Question 6

Which of the following relationships will be termed as not related under sec. 15?

- (A) Persons who are associated in business of one another where one is the sole agent/sole distributor of one another
- (B) Directly or indirectly controlled by third person
- (C) Directly or indirectly owns, controls or holds 20% or more of outstanding voting stock or shares of both of them
- (D) Such person are officers or directors of one another's business

## Question 7

Interest waived to be added to transaction value?

- (A) Any interest charged for delay in payment of consideration to be included in the value
- (B) This being not charged to recipient it is not required to be included in the value
- (C) Yes, only when directly linked to supply
- (D) Deducted from transaction value

## Question 8

When are the provisions of CGST rules not applicable for valuation

- (A) Consideration either wholly or in part is in money terms
- (B) Parties are related
- (C) Supply without consideration
- (D) Supply by specified category of supplier

## Question 9

Subsidy should be excluded from supply of goods or services or both, if:

- (A) Provided by CG/SG
- (B) Directly linked to supply
- (C) Received by supplier
- (D) All the above

## Question 10

Subsidy should be included in the value of from supply of goods or services or both, if:

- (A) Provided by CG/SG
- (B) Directly linked to supply
- (C) Received from recipient
- (D) All the above

## Question 11

A Ltd. hires a selling agent for promoting his sale at a commission of 5% of the sale value made through such agent. B Ltd. purchase goods from A Ltd.



for ₹ 1 lakh. B Ltd. gives commission of ₹ 5,000 to A Ltd.'s agent directly and makes the balance payment to A Ltd. Such commission is included in the sale price of ₹ 1,00,000. Now what is the value of such supply of goods?

- (A) 1,00,000
- (B) 1,05,000
- (C) 95,000
- (D) None of these

#### Question .12

Mobile expert sold a mobile phone of ₹ 40,000 to Mr. Kapil, who makes payment through PAYTM and PAYTM gives cash back both to the Mobile expert of ₹ 1,500 and to Mr. Kapil of ₹ 2,000. Now what is the value of such supply?

- (A) 38,000
- (B) 38,500
- (C) 36,500
- (D) 40,000

#### Question .13

Tax O Key P. Ltd. appointed CA Karthik Akash as its statutory auditor for a professional fee of ₹ 2,00,000 and paid amount to hotel and travel agency for the accommodation and travelling expenses of auditor to the tune of ₹ 20,000, which as per audit engagement to be incurred by the auditor. What is the value of supply in this case?

- (A) 2,00,000
- (B) 1,80,000
- (C) 2,20,000
- (D) None of these

#### Question .14

A contracts with B, an architect for building a house and B's fees is fixed at ₹ 3,00,000. During the course of providing the taxable service, B incurs expenses such as telephone charges, air travel tickets, hotel accommodation, etc., totaling ₹ 50,000 to enable him to effectively perform the provision of services to A. What is the value of supply in this case?

- (A) 3,50,000
- (B) 3,00,000
- (C) 2,50,000
- (D) None of these

#### Question .15

X contracts with Y, a real estate agent to sell his house and thereupon Y gives an advertisement in television costing ₹ 5 lakh. Y billed ₹ 15 lakh to X including charges for Television advertisement, showing them separately in invoice. Mr. Y says that the value of taxable service in his case is ₹ 10 lakh only, as he acted as pure agent of Mr. X while taking advertisement. What is the value of supply in this case?

- (A) 10 lakhs

- (B) 15 lakhs
- (C) 5 lakhs
- (D) None of these

#### Question .16

Mr. Y, an architect, finds a client Mr. A who needs services of architect as well as interior decorator. Mr. A asks Mr. Y to find an interior decorator on his behalf, decide the terms of his engagement and also his remuneration, make payment to him on his (Mr. A's behalf) and provide a consolidated bill, showing relevant breakups, to him (Mr. A). Mr. Y finds a interior decorator Mr. Z, whose remuneration is fixed at ₹ 2,00,000. Mr. Y charges ₹ 8 lakhs towards the value of taxable service provided by him and recovers ₹ 10 lakhs from Mr. A. What is the value of supply of Mr. Y?

- (A) 8,00,000
- (B) 10,00,000
- (C) 2,00,000
- (D) None of these

#### Question .17

Mr. Ram provided repair and maintenance services of equipments belonging to A Ltd., which are used in manufacture of oxygen. The repair and maintenance work was carried out at factory of A Ltd. using electricity belonging to A Ltd. the charges for services are fixed at ₹ 1,00,000. While value of electricity used is estimated at ₹ 10,000. What is the value of supply?

- (A) 1,00,000
- (B) 90,000
- (C) 1,10,000
- (D) None of these

#### Question .18

Mr. Shyam provided services valuing ₹ 5 lakhs (excluding GST) to Mr. Mohan. Mr. Mohan retained 10% thereof viz. ₹ 50,000 until satisfactory performance of services received and was paid after 6 months from completion of provision of service. What is the value of supply?

- (A) 5,00,000
- (B) 4,50,000
- (C) 5,50,000
- (D) None of these

#### Question .19

ABC Architects entered into a contract with BTC Group of Hotels to design the architecture of one of its hotels at an agreed consideration of ₹ 20 lakh. Out of the total consideration, it asked BTC Group of Hotels to pay ₹ 12,50,000 to its material supplier Khanna Manufacturers. What is the value of supply?

- (A) 20,00,000
- (B) 12,50,000
- (C) 32,50,000

Ⓓ None of these

Question .20 

A customs broker paid demurrage charges of ₹ 3,00,000 on behalf of his client included in his fees of ₹ 10,00,000. What is the taxable value of his service?

- Ⓐ 10,00,000
- Ⓑ 13,00,000
- Ⓒ 7,00,000
- Ⓓ None of these

Question .21 

A cable operator charges ₹ 10,000 for his services, which includes entertainment tax ₹ 2,000 paid on behalf of his client. Compute the value of taxable service

- Ⓐ 10,000
- Ⓑ 12,000
- Ⓒ 8,000
- Ⓓ None of these

Question .22 

Sathyam Cinemas collects ₹ 120 towards entry ticket along with ₹ 20 towards entertainment tax and ₹ 15 towards the convenience fee for online booking. What is the value of supply in this case?

- Ⓐ 120
- Ⓑ 135
- Ⓒ 140
- Ⓓ 155

Question .23 

A Ltd. sold ₹ 2,00,000 worth of goods to B Ltd. and after 1 year, B Ltd. wanted to send the unsold goods worth ₹ 40,000 but A Ltd. offered a discount of 50%. What is the value of supply in this case in the hands of A Ltd.?

- Ⓐ 2,00,000
- Ⓑ 1,60,000
- Ⓒ 1,80,000
- Ⓓ 1,00,000

Question .24 

Wholesale price for 1 MT of cement sold by X Ltd. in the ordinary course of business : ₹ 7,000. Price of 1 MT of cement sold by X Ltd. to Y : ₹ 6,700. What is the value of supply?

- Ⓐ 7,000
- Ⓑ 6,700
- Ⓒ Either (a) or (b) at the option of supplier
- Ⓓ None of these

Question .25 

A supply priced at ₹ 2,000 is made, with a credit period of 1 month for payment. Thereafter interest of 12% is charged. The payment is received after

the lapse of two months from the date of supply. What is the value of supply?

- Ⓐ 2,000, only if credit note is issued
- Ⓑ 2,020, only if debit note is issued
- Ⓒ 2,020, only if credit note is issued
- Ⓓ 2,020, whether debit note is issued or not.

Question .26 

In case of betting transactions, which of the following statement is false

- Ⓐ Betting transactions are treated as supply and chargeable to GST
- Ⓑ Applicable rate of GST on betting transactions is 28%
- Ⓒ GST is payable by totaliser on the bet value
- Ⓓ GST is payable by the winner on their bet value

Question .27 

Z Ltd. is manufacturing lunch boxes and they have entered into contract with Y Ltd. to make the lids for the lunch boxes. As per the contract, Z Ltd. has to send the design and mould based on which Y Ltd. shall manufacture lids. Which of the following is false, in this context.

- Ⓐ Z Ltd. Can avail ITC on the moulds purchased, even though it is used by Y Ltd. for manufacturing lids
- Ⓑ The amortised cost of moulds shall be included in the value of lids supplied by Y Ltd. for payment of GST
- Ⓒ Y Ltd. cannot avail ITC on the moulds, as it is used in their course or furtherance of business
- Ⓓ Sending moulds to Y Ltd. is not treated as supply in the hands of Z Ltd.

Question .28 

XY, Bangalore, Karnataka furnishes following information:

- (i) 10 MT of inputs stock transferred to branch located in Chennai, Tamil Nadu on 10th April, 20XX. Transfer value of the inputs shown in the invoice is ₹ 10,000.
  - (ii) 5 MT of inputs supplied to customer located in Chennai at ₹ 12,500 on 10th April, 20XX.
  - (iii) Cost of production of 1 MT of input is ₹ 750.
  - (iv) Chennai Branch is eligible for full ITC The value of inputs stock transferred to Chennai Branch is
- Ⓐ 10,000
  - Ⓑ 25,000
  - Ⓒ 8,250
  - Ⓓ 12,500

Question .29 

What shall be the value of supply of goods/services where the consideration is not wholly in money?

- Ⓐ be the open market value of such supply

- Ⓑ sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money, if such amount is known at the time of supply
- Ⓒ value of supply of goods or services or both of like kind and quality
- Ⓓ All the above in the order

### Question 30

If the goods are supplied to related persons then how should the taxable person ascertain the value of supplies?

- Ⓐ Seek the help of the GST officer
- Ⓑ Use the arm's length price as required
- Ⓒ Identify the prices at which goods are sold by the unrelated person to his customer
- Ⓓ As per Rule 28 of the CGST Rules

### Question 31

Rule 30 of the CGST Rules inter alia provides value of supply of goods or services or both based on cost shall be .....% of cost of production or manufacture or the cost of acquisition of such goods or the cost of provision of such services.

- Ⓐ 100
- Ⓑ 110
- Ⓒ 10
- Ⓓ 120

### Question 32

In terms of Rule 32(7) of the CGST Rules, the value of taxable services provided by such class of service providers as may be notified by the Government, on the recommendations of the Council, as referred to in paragraph 2 of Schedule I of the CGST Act between distinct persons as referred to in section 25, where ITC is available, shall be deemed to be .....

- Ⓐ 10,000
- Ⓑ Arm's length price as required under the Income Tax law
- Ⓒ Nil
- Ⓓ As per the contract between the supplier and recipient i.e. Transaction Value

### Question 33

Supply between related person & recipient is not eligible to claim ITC. Transaction Value of such goods is ₹ 2,00,000 and Open market value is ₹ 2,50,000. Cost of such goods is ₹ 1,80,000

- Ⓐ 2,00,000
- Ⓑ 2,50,000
- Ⓒ 1,80,000
- Ⓓ 1,98,000

### Question 34

Western Union Forex Private Limited being a registered person under GST purchased \$2,000 from Arpit Enterprises at the rate of ₹ 70/\$. RBI reference rate on that date was ₹ 70.50/\$. What shall be the value of supply in this transaction?

- Ⓐ ₹ 1,000
- Ⓑ ₹ 1,500
- Ⓒ ₹ 2,000
- Ⓓ None of these

### Question 35

What shall be the value of supply in case of life insurance business?

- Ⓐ The gross premium charged from a policy holder reduced by the amount allocated for investment or savings on behalf of policy holder, whether or not it is intimated to policy holder
- Ⓑ In case of single premium annuity policies, 15% of the single premium charged from the policy holder
- Ⓒ 25% of the premium charged from the policy holder for the first year premium and 12.5% of the premium charged from the policy holder for subsequent year premium
- Ⓓ All the above

### Question 36

\_\_\_\_\_ has been provided for dealer in second hand goods.

- Ⓐ Valuation Scheme
- Ⓑ Margin Scheme
- Ⓒ Input Tax Scheme
- Ⓓ Return Scheme

### Question 37

What shall be the value of a token, voucher, coupon or stamp which is redeemable against supply of goods and services?

- Ⓐ Money value of such token, voucher, coupon or stamp
- Ⓑ Money value of goods or services or both redeemable against such token, voucher, coupon or stamp
- Ⓒ Face Value of such token, voucher, coupon or stamp
- Ⓓ Open market value of such token, voucher, coupon or stamp

### Question 38

What shall be the value of supply where parties to supply are related and the recipient to such supply intends for further supply of such goods?

- Ⓐ Price charged for supply of such goods by the supplier
- Ⓑ Price charged by the recipient on similar goods
- Ⓒ 90% of the price charged by the recipient on

similar goods

- Ⓓ Either (a) or (b)

### Question .39

Indian Airlines sold tickets through an agent Mr. Ram for transport of passengers to Delhi. Amount charges ₹ 30 lakhs for 100 tickets (Out of which ₹ 10 lakhs attributable to GST paid on transportation services. Compute value of taxable service of Mr. Ram and GST payable? (Applicable tax rate to Mr. Ram is 18%)

- Ⓐ 3,00,000; 54,000  
 Ⓑ 2,00,000; 36,000  
 Ⓒ 1,00,000; 18,000  
 Ⓓ 1,50,000; 27,000

### Question .40

100 transactions of conversion of EURO into ₹ 500 lakhs per transaction. Compute value of taxable service as per Rule 32(b) of CGST Act \_\_\_\_\_ ?

- Ⓐ 54,50,000  
 Ⓑ 60,00,000  
 Ⓒ 55,50,000  
 Ⓓ 25,05,000

### Question .41

The purchase value of asset repossessed from defaulting borrower who is not registered for the purpose of recovery of loan shall be deemed to be \_\_\_\_\_ ?

- Ⓐ purchase price (-) 5% for every quarter or part thereof from the date of purchase by the defaulting borrower till the date of repossession  
 Ⓑ purchase price (-) 5% for every quarter or part thereof from the date of purchase by the defaulting borrower till the date of disposal of repossessed asset  
 Ⓒ purchase price (-) 5% for every quarter or part thereof from the date of avaiement of ITC by the defaulting borrower till the date of repossession  
 Ⓓ Purchase price shall be the Open Market Value of such repossessed goods

### Question .42

Bharati AXA life insurance company has collected ₹ 12,000 lakhs towards general policies and out of which ₹ 5,000 lakhs pertains to first year premium and balance towards subsequent year premium. Calculate the value of taxable service?

- Ⓐ ₹ 3,000 lakhs  
 Ⓑ ₹ 1,500 lakhs  
 Ⓒ ₹ 1,200 lakhs  
 Ⓓ ₹ 2,125 lakhs

### Question .43

M/s Money express ltd. jaipur an authorised money changer chaser sold \$11,300 for 6,800 GBP; RBI reference rate 1\$ = ₹ 60, 1 Euro = ₹ 71 and 1 GBP = ₹ 100. Calculate value of taxable service?

- Ⓐ 6,780  
 Ⓑ 8,000  
 Ⓒ 6,800  
 Ⓓ 8,024

### Question .44

M/s. Korelal Printon (P) Ltd., a registered person under GST in the State of Jammu & Kashmir, has been engaged in the business of offset printing and has been providing services to various book publishers. A publisher situated in the State of Himachal Pradesh, a registered person under GST sent content of the books to be printed by M/s. Korelal Printon (P) Ltd., in PDF format. The publisher also sent paper worth ₹ 4.00 Lakh to the printer, free of cost for the purposes of printing its books on 10 Nov 2018. M/s. Korelal Printon (P) Ltd., raised an invoice of ₹ 1.50 Lakh against printing of books and returned the printed books through Challan to the publisher on 20Feb2019. The Proper Officer, intercepted the vehicle and claimed that M/s. Korelal Printon (P) Ltd., should have sent the invoice of ₹ 5.50 Lakh, i.e. including the value of free of cost paper supplied by the publisher. You may suitably advice which one of the following is the correct option

- Ⓐ The value of supply of paper for job work is to be included in the invoice in terms of section 15 of the CGST Act  
 Ⓑ The goods sent for job work, i.e. paper sent for printing is a composite supply  
 Ⓒ M/s. Korelal Printon (P) Ltd., has entered into an agreement of printing books. Therefore, he is liable to pay tax on the gross value of ₹ 5.50 Lakh.  
 Ⓓ M/s. Korelal Printon (P) Ltd., has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 Lakh.

### Question .45

Mr. James Bond is a registered person under GST in the State of Maharashtra who sells footwear to his customers locally within the same State. He has been appointed as an agent by M/s. Toto Shoes (P)Ltd., a company registered under GST in the State of Karnataka. During a financial year, M/s. Toto Shoes Ltd., sends taxable goods worth ₹ 5.00 crore from its Bengaluru store to Mr. James Bond who sells such goods for ₹ 5.00 crore by raising invoices using the GSTIN of M/s. Toto Shoes (P) Ltd. Mr. James Bond receives a commission of



₹ 60.00 lakh from M/s. Toto Shoes (P) Ltd., during the said financial year. Compute the value of supply of Toto Shoes (P) Ltd. and Mr. James Bond for the financial year.

- (A) M/s. Toto Shoes (P) Ltd.: Nil and James Bond: ₹ 5.6 crore
- (B) M/s. Toto Shoes (P) Ltd.: ₹ 5 crore and James Bond: ₹ 5.6 crore
- (C) M/s. Toto Shoes (P) Ltd.: ₹ 5 crore and James Bond: ₹ 60 lakh
- (D) None of the above

#### Question .46

What will be the value of a voucher which is redeemable against supply of goods or services?

- (A) Face Value of such voucher
- (B) Value of goods or services, against which it is redeemable
- (C) The price at which such voucher is sold
- (D) Any of the above at the option of supplier

#### Question .47

Mr. A supplied to his related party, Mr. B goods of value of ₹ 200,000. The open market value of such goods is ₹ 1,50,000. What shall be considered as value in this case?

- (A) ₹ 2,00,000
- (B) ₹ 1,50,000
- (C) Cost plus 10%
- (D) Residual Value

#### Question .48

Which of the following statement is correct?

- (A) Discount is always allowed as deduction whether given before supply or after supply
- (B) Discount allowed after supply is never allowed as deduction
- (C) Discount allowed after supply is allowed as deduction if terms are agreed between the parties at any time
- (D) Discount allowed after supply is not allowed as deduction, if the recipient has not reversed ITC pertaining to such discount

#### Question .49

Varun purchased certain goods worth ₹ 17,000 from Dushyant Foods P. Ltd. As a matter of security, Varun made a request to the supplier to provide for an additional packaging on the given item for safe transportation which cost around ₹ 1,500. The supplier charged value of the additional packaging separately after supply was made. What is the final value of such supply made?

- (A) ₹ 17,000
- (B) ₹ 18,500
- (C) ₹ 15,500
- (D) None of the above

#### Question .50

What does the term basic fare means in the context of value of supply in case of Air Travel Agent

- (A) Gross fare charged by the agent
- (B) Part of fare on which commission is paid by air travel agent
- (C) Either (a) or (b)
- (D) None of the above

#### Question .51

Mr. A enters into contract of selling the goods to Mr. B stating that all the expenses till the time goods reach Mr. B shall be borne by the supplier. The goods were sold at an all inclusive price of ₹ 40,000. He charges packing charges of ₹ 1,500 on such supply. Mr. A also pays a freight of ₹ 4,500 for transporting such goods from Mr. A's Premises to Mr. B's Premises. What shall be the value of such supply?

- (A) ₹ 40,000
- (B) ₹ 41,500
- (C) ₹ 46,000
- (D) None of the above

#### Question .52

Palliwal Associates, a firm of Chartered Accountants registered under GST, located in Jaipur, Rajasthan is providing professional consultancy services to its various clients.

It has taken consultancy services for its business from another establishment of its firm in UK. However, it has not paid any consideration for the same. Such services would have been taxable @ 18% (CGST @ 9%, SGST @ 9% and IGST @ 18%), had the same been received in India. Further, Palliwal Associates would have paid ₹ 4.00 lakh, had it not received the said services from its UK establishment.

Determine the GST liability of Palliwal Associates.

- (A) IGST = ₹ 72,000
- (B) CGST - ₹ 36,000 & SGST - ₹ 36,000, since place of supply is in India
- (C) Nil, since no foreign exchange was paid.
- (D) Nil, since such services are exempt,

#### Question .53

M/s. Kala & Associates, dealing in sale/ purchase of used or second- hand cars, is registered under GST. During the current financial year, it effected following intra-State transactions:

| Particulars | Purchase Price | Sale Price |
|-------------|----------------|------------|
| Car 1       | ₹ 5,00,000     | ₹ 7,50,000 |
| Car 2       | ₹ 3,00,000     | ₹ 2,75,000 |
| Car 3       | ₹ 6,00,000     | ₹ 6,50,000 |
| Car 4       | ₹ 8,00,000     | ₹ 9,50,000 |

M/s. Kala & Associates purchased Car 1, Car 2 and Car 3 from unregistered persons and Car 4 from registered person who charged GST of ₹ 1,30,000 and accordingly M/s. Kala & Associates had availed the input credit of the same.

M/s. Kala & Associates is not conversant with GST provisions. Hence, it has approached you for determining his GST liability. Assume that the applicable rate of tax is 18% and the amounts given above are exclusive of GST.

- (A) ₹ 95,000
- (B) ₹ 1,08,000
- (C) ₹ 1,30,500
- (D) No GST is payable since sale of second-hand goods is exempt under GST

#### Question .54

ASC, a registered person under GST, supplied goods amounting to ₹ 1,18,000 (inclusive of GST, taxable @ 18%) to BSC, a registered person under GST on 30th September. BSC further sold such goods to Rakesh, a consumer who came to his shop on 30th October in cash, for ₹ 2,36,000 (inclusive of GST, taxable @ 18%). ASC issued a credit note of ₹ 11,800 (₹ 10,000 + ₹ 1800 - GST) for rate difference on 2nd November to BSC. Thereafter, BSC entered a credit note in its books for the same amount in the name of Rakesh, without intimating him, on 2nd November and reduced its output tax liability accordingly.

As per the provisions of GST law, which of the above-mentioned suppliers are allowed to reduce their output tax liability

- (A) ASC
- (B) BSC
- (C) Both ASC and BSC
- (D) Neither ASC nor BSC, since incidence of tax has been passed on to another person.

#### Question .55

Mr. Allaiddin, a stationery retailer, located and registered under GST in Allahabad, has received order for supply of goods worth ₹ 2,00,000 on 12th November from another local registered dealer, Mr. Jallaiddin. Goods were properly supplied with invoice of ₹ 2,00,000 on 14th November. Mr. Allaiddin, incurred the following expenses before the goods were delivered to Mr. Jallaiddin:

Packing charges - ₹ 3,000 Freight & Cartage - ₹ 2,500 Handling Charges - ₹ 1,500

Mr. Jallaiddin made full payment (including the additional amounts charged by Mr. Allaiddin) on delivery of the goods for which he was allowed instant cash discount of ₹ 2,000.

The applicable rates of tax on the goods supplied are: IGST @ 18%, CGST @ 9% and SGST @ 9% and the amounts given above are exclusive of GST.

Mr. Allaiddin, paid CGST ₹ 18,000 and SGST ₹ 18,000.

As a tax consultant, what will be your advice relating to further tax liability of Mr. Allaiddin-

- (A) CGST - ₹ 630 and SGST - ₹ 630
- (B) CGST - ₹ 450 and SGST - ₹ 450
- (C) CGST - ₹ 18,630 and SGST - ₹ 18,630
- (D) CGST - ₹ 18,450 and SGST - ₹ 18,450

#### Question .56

Pyarelal Singh, registered under GST in Lucknow, Uttar Pradesh, is appointed as a del-credre agent by Sunnykart Co. (P) Ltd. He sells eye opticals to his customers locally within the same State. Sunnykart Co. (P) Ltd. is also registered under GST in the State of Uttar Pradesh.

During the current financial year, Sunnykart Co. (P) Ltd. supplied taxable goods worth ₹ 10 crore whose open market value is ₹ 10.05 crore, from its Allahabad unit to Pyarelal Singh. Pyarelal Singh has further sold these goods for ₹ 10.10 crore by raising invoices using his own GSTIN. Pyarelal Singh has received a commission of ₹ 75 lakh from Sunnykart Co. (P) Ltd. during the year and has guaranteed the payment of the value of such goods from the customers to Sunnykart Co. (P) Ltd.

Pyarelal Singh has also provided financial assistance in the form of larger credit period to his customers, on which he has also earned interest of ₹ 15 lakh. Compute the value of supply of Sunnykart Co. (P) Ltd. and Pyarelal Singh for the current financial year assuming that both of them wish to adopt minimum value of supply to the extent possible.

- (A) Sunnykart Co. (P) Ltd: ₹ 9.09 crore and Pyarelal Singh: ₹ 11.00 crore
- (B) Sunnykart Co. (P) Ltd: ₹ 10.05 crore and Pyarelal Singh: ₹ 10.85 crore
- (C) Sunnykart Co. (P) Ltd.: ₹ 10.15 crore and Pyarelal Singh: ₹ 10.85 crore
- (D) Sunnykart Co. (P) Ltd: ₹ 10.15 crore and Pyarelal Singh : ₹ 75.00 lakh

#### Question .57

Shah Beedi Company (P) Ltd. is a manufacturer of cigarettes. It has been registered under GST in the state of West Bengal.

The turnover of the company from the current financial year is ₹ 9,00,000. The excise duty is paid on the cigarettes removed is ₹ 10,00,000. CGST and SGST paid on the cigarettes is ₹ 18,000 each. The company also recovered actual freight of ₹ 5,00,000 from the buyers on the supply of cigarettes so made during the current financial year and also charged CGST/SGST thereon. The company paid tax @ 55 under reverse charge while availing the services of GTA of ₹ 5,00,000

Compute the aggregate turnover of Shah Beedi Company (P) Ltd assuming that the amounts given above are exclusive of GST?

- (A) ₹ 90,00,000

- (B) ₹ 1,18,00,000  
 (C) ₹ 1,00,00,000  
 (D) ₹ 1,05,00,000

## Question .58



Happy Singh is the lawful owner of a residential house situated in Chandigarh. The property has four floors constructed on it. Out of the four floors in his house, first and second floor are self-occupied and third and fourth floor have been let out for residential purposes. Ratanjot Singh, who is a tenant on third floor, has surrendered his tenancy rights to Parminder Singh for a tenancy premium of ₹ 5,00,000 on 1st June. Parminder Singh has paid the applicable stamp duty and registration charges on transfer of tenancy rights. Moreover, Parminder Singh will pay a monthly rent of ₹ 50,000 to Happy Singh from June.

Determine the value of taxable supply, in the given case, for the month of June assuming that the amounts given above are exclusive of GST, wherever applicable.

- (A) Happy Singh: ₹ 5,50,000; Ratanjot Singh: Nil'  
 (B) Happy Singh: Nil; Ratanjot Singh: ₹ 5,00,000  
 (C) Happy Singh: ₹ 50,000; Ratanjot Singh: Nil  
 (D) Happy Singh: ₹ 50,000; Ratanjot Singh: ₹ 5,00,000

**N O T E S**

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                      |
|------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | B              | Transaction Value under Sec. 15(1) = ₹ 1,10,000 Out of pocket expenses - to be included as per Sec. 15(2)(c) = ₹ 10,000 MCA Fees - to be excluded as it is expenditure incurred as a pure agent as per Rule 33 .Therefore, value of supply ₹ 1,10,000                                                                                                                            |
| 2    | D              | As per Rule 31A of CGST Rules, 2017 value of supply in case of lottery ticket is [Face value of ticket or price notified by organising state, whichever is higher] X 100/128                                                                                                                                                                                                     |
| 3    | D              | Value of supply shall include as per Sec. 15(2)<br>a) Taxes, duties and cess by whatever name called, other than CGST, SGST, UTGST, IGST and Cess<br>b) Expenses incurred by supplier before delivery of goods or supply of services<br>c) Interest or late fee (or) penalty for delay in receipt of consideration<br>d) Subsidy directly linked to price, other than from CG/SG |
| 4    | B              | As per Rule 34 of CGST Rules, 2017 the relevant exchange rate in case of goods denominated in foreign exchange to be determined on the time of supply as per the rate notified by CBIC.                                                                                                                                                                                          |
| 5    | D              | Post supply discounts is allowed as deduction as per Sec. 15(3) of CGST Act if all the given conditions are satisfied                                                                                                                                                                                                                                                            |
| 6    | C              | As per explanation to Sec. 15 of CGST Act, 2017 persons are said to be related, if one person directly or directly own (or) holds (or) Controls 25% or more of the voting stock or shares of both of them. In the present case, it is 20% so the given statement is false.                                                                                                       |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7  | B | As per Sec. 15(2)(d) of CGST Act, 2017 interest, late fee or penalty for delay in receipt of consideration shall be included in the value of supply, only when it is charged to recipient. In the present case, interest is not charged to recipient and the same shall not be included in the value of supply.                                                                                                                                                                                                                                           |
| 8  | A | As per Sec. 15(1) of CGST Act, 2017 "Value of Supply of goods or services or both" is the transaction value, if a) price is the sole consideration, and b) Supplier and recipient are not related. As per Sec. 15(4), if value cannot be ascertained as per Sec. 15(1), then value shall be determined in terms of CGST Rules, 2017. Also, as per Sec. 15(5), with respect to notified category of supplier also value shall be determined in terms of CGST Rules, 2017. Therefore, only when consideration is solely in money, Rules are not applicable. |
| 9  | D | Subsidy directly linked to the price but received from CG/SG not to be included in the value. If the subsidy is not directly linked to price, it shall not be considered in the value and treated as donations and chargeable to GST separately if the same is conditional donation.                                                                                                                                                                                                                                                                      |
| 10 | C | Only subsidy directly linked to price received from CG/SG should not be included in value. All other subsidies directly linked to price should be included in the value.                                                                                                                                                                                                                                                                                                                                                                                  |
| 11 | A | As per Sec. 15(2)(b) of CGST Act any amount that the supplier is liable to pay but which is paid by the recipient should be included in the value of supply. In the present case the commission paid by recipient on behalf of A Ltd. should be included in the value and as it is already included, further inclusion shall not arise.                                                                                                                                                                                                                   |
| 12 | D | Cash back is not received by Mobile expert from Mr. Kapil and the same shall not be included in the value of supply and the value shall be ₹ 40,000.                                                                                                                                                                                                                                                                                                                                                                                                      |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | However, such cash back received by Mobile expert from PAYTM is consideration without any obligation to supply goods or services and consequently not chargeable to GST.                                                                                                                                                                                                                                                                                                                                                                                                             |
| 13 | C | As per Sec. 15(2)(b) of CGST Act any amount which the supplier is liable to pay but incurred by recipient should be included in the value. In the present case, accommodation and travel expenses to be incurred by CA karthik Akash as per audit engagement but paid by the client, so the same is includible in the value of supply. Therefore, value of supply is ₹ 2,20,000. If as per audit engagement it is not to be incurred by CA karthik Akash, then the same is not to be included in the value as the same will be expenditure incurred by recipient on his own account. |
| 14 | A | As per Sec. 15(2)(c) of CGST Act any expenditure incurred by supplier and charged to recipient before delivery of goods or supply of services, should be included in the value. In the present case such telephone expenses, tickets and accommodation are not expenditure incurred as a pure agent and are incurred by supplier in the course of supply. Consequently the same should be included in the value. Therefore, value in the present case is ₹ 3,00,000 + ₹ 50,000 = ₹ 3,50,000                                                                                          |
| 15 | B | Advertisement expenditure is not expenditure incurred as a pure agent, as the same is not the liability of the recipient incurred by supplier but such advertisement expenditure incurred is in the course of supply and included in the value of supply as per Sec. 15(2)(c) of CGST Act. Therefore, in the present case value is ₹ 15 lakhs                                                                                                                                                                                                                                        |
| 16 | A | In the present case, as per Rule 33 of CGST Rules Mr. Y is acting as a pure agent w.r.to interior decorator expenditure as the said expenditure is the liability of the recipient incurred by supplier on behalf of recipient. Therefore, value of supply in this case is ₹ 8 lakhs                                                                                                                                                                                                                                                                                                  |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17 | A | Only the actual amount charged by supplier to recipient should be included in the value of supply. Utilisation of recipients resources for providing the service, by the supplier is not required to be included in the value of supply as per Sec. 15(2)                                                                                                                                                                  |
| 18 | A | Value of supply as per Sec. 15(1) is transaction value which is price actually paid or payable. Therefore, even if 50,000 is not paid but payable in future by recipient, it should be included in the value.                                                                                                                                                                                                              |
| 19 | C | As per Sec. 15(2)(b) of CGST Act, 2017 any amount that the supplier is liable to pay, which is incurred by recipient should be included in the value. In the present case, ₹ 12,50,000 paid by recipient should be included in the value of supply i.e., ₹ 20,00,000 + ₹ 12,50,000 = ₹ 32,50,000.                                                                                                                          |
| 20 | C | Demurrage charges paid by supplier is the expenditure incurred as a pure agent as per Rule 33 of CGST Rules, as the same is the liability of client incurred by customs Broker and consequently it will not be included in the value of supply. Therefore, value of supply shall be ₹ 10,00,000 (-) ₹ 3,00,000 = ₹ 7,00,000.                                                                                               |
| 21 | C | Entertainment tax paid by supplier is the expenditure incurred as a pure agent as per Rule 33 of CGST Rules, as the same is the liability of client incurred by cable operator and consequently it will not be included in the value of supply. Therefore, value of supply shall be ₹ 10,000 (-) ₹ 2,000 = ₹ 8,000.                                                                                                        |
| 22 | D | Transaction Value (Price of the ticket) = ₹ 120<br><b>Entertainment tax</b> (It is not the liability of the recipient incurred by supplier) - To be included as per Sec. 15(2)(a), as it is taxes other than GST = ₹ 20<br><b>Convenience fee</b> - To be included as per Sec. 15(2)(c), as it is expenses incurred by supplier and charged to recipient before supply of service = ₹ 15<br>Total Value of Supply is ₹ 155 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23 | A | As per section 15(3) of CGST Act, discount is given after supply not allowed as deduction in the value of supply, if terms are not agreed before (or) at the time of supply.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 24 | B | As per Sec. 15(1) of CGST Act, transaction value is the price actually paid or payable i.e., ₹ 6,700                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 25 | D | As per Sec. 15(2)(d) of CGST Act, 2017 interest (or) late fee (or) penalty for delay in receipt of consideration should be included in the value. In the present case, interest of ₹ 20, is to be included in value. Therefore, total value of supply is ₹ 2,020. To recover the interest, debit note shall be issued by supplier to recipient. Whether debit note is issued or not, value shall be ₹ 2,020.                                                                                                                                                                                                                                                                                         |
| 26 | D | As per Rule 31A of CGST Rules, 2017 GST on betting transactions is payable by totaliser but not by winner.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 27 | B | In case of moulds and dies sent by Original Equipment manufacturer to Component Manufacturer as per the contract, then the value of moulds and dies shall not be included in the value of car doors supplied by component manufacturer.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 28 | A | As per Rule 28 of CGST Rules, in case of transactions between distinct persons, where recipient is eligible for full ITC, Open market value shall be the price recorded in the invoice i.e., ₹ 10,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 29 | D | Where the supply of goods or services is for a consideration not wholly in money, the value of the supply shall, - (a) be the open market value of such supply; (b) if the open market value is not available under clause (a), be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money, if such amount is known at the time of supply; (c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality; (d) if the value is not determinable under clause (a) or clause (b) or clause (c), be the sum total of consideration |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | in money and such further amount in money that is equivalent to consideration not in money as determined by the application of rule 30 or rule 31 in that order                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 30 | D | In case of transaction between related persons, value determined as per Rule 28                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 31 | B | As per Rule 30, Value of supply shall be cost of production plus 10%. In other words, 110% of cost of production.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 32 | C | As per Rule 32(7) of CGST Rules The value of taxable services provided by such class of service providers as may be notified by the Government, on the recommendations of the Council, as referred to in paragraph 2 of Schedule I of the said Act between distinct persons, where input tax credit is available, shall be deemed to be NIL.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 33 | B | As per Rule 28, value of supply in case of transaction between related persons, is the OMV. OMV shall be deemed to be transaction value, if the recipient is eligible for full ITC. Otherwise, actual OMV should be considered.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 34 | A | Value of supply as per Rule 32 = $(70.5 - 70) \times 2,000 = ₹ 1,000$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 35 | C | As per Rule 32(4) The value of supply of services in relation to life insurance business shall be,-<br>(a) the gross premium charged from a policy holder reduced by the amount allocated for investment, or savings on behalf of the policy holder, if such an amount is intimated to the policy holder at the time of supply of service; (b) in case of single premium annuity policies other than (a), ten per cent. of single premium charged from the policy holder; or (c) in all other cases, twenty five per cent. of the premium charged from the policy holder in the first year and twelve and a half per cent. of the premium charged from the policy holder in subsequent years: Provided that nothing contained in this sub-rule shall apply where the entire premium paid by the policy holder is only towards the risk cover in life insurance. |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 36 | B | As per Rule 32(5), value in case of sale of second hand goods, by a dealer of second hand goods is the difference between sale price and purchase price i.e., Marginal Scheme                                                                                                                                                                                                             |
| 37 | B | As per Rule 32(6) The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods or services or both shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.                                                                                   |
| 38 | C | Proviso to Rule 28: Provided that where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person.                                                  |
| 39 | C | Value of supply of an air travel agent is 5% of base fare in case of domestic bookings (Base fare excludes fuel surcharge and taxes) = $(₹ 30 \text{ lakhs} - ₹ 10 \text{ lakhs}) \times 5\% = ₹ 1,00,000$ , GST payable shall be $₹ 1,00,000 \times 18\% = ₹ 18,000$                                                                                                                     |
| 40 | A | Value under Rule 32(2)(b), w.r.to each transaction Upto ₹ 1,00,000 = $₹ 1,00,000 \times 1\% = ₹ 1,000$<br>Upto ₹ 10,00,000 = $₹ 9,00,000 \times 0.5\% = ₹ 4,500$ Balance ₹ 490,00,000 = $₹ 490,00,000 \times 0.01\% = ₹ 49,000$ Total = ₹ 54,500 For 100 transactions = $100 \times ₹ 54,500 = ₹ 54,50,000$ .                                                                             |
| 41 | B | purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower reduced by five percentage points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession. |

|    |   |                                                                                                                                                                                                                                                                                                                |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 43 | A | Sold currency converted into ₹<br>$\times 1\% = \$11,300 \times ₹ 60/\$ \times 1\%$<br>$= ₹ 6,780$ . Purchased currency converted into ₹<br>$\times 1\% = \text{GBP } 6,800 \times ₹ 100/\text{GBP} \times 1\% = ₹ 6,800$ , whichever is LOWER.                                                                |
| 44 | D | Printing of books falls under supply of service and in case of job work in relation to goods, value of supply in the hands of job worker is job charges i.e., ₹ 1.5 lakhs                                                                                                                                      |
| 45 | C | Value of supply in the hands of Toto Shoes (P) Ltd. = ₹ 5 crores<br>As agent is not acting on behalf of principal as invoice is raised using GSTIN of Toto Shoes (p) Ltd. but not using GSTIN of James Bond, the value of supply in the hands of James Bond is only the commission earned by him = ₹ 60 lakhs. |
| 46 | B | As per Rule 32(6) The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods or services or both shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.        |
| 47 | B | In case of supply between related persons, value of supply as per Rule 28 is open market value i.e. ₹ 1,50,000                                                                                                                                                                                                 |
| 48 | D | Post supply discount is allowed as deduction, if recipient reverses the ITC and terms are agreed before or at the time of supply                                                                                                                                                                               |
| 49 | B | Packing at the request of buyer is to be included in value in terms of Sec. 15(2)(c) and in the present case value shall be ₹ 18,500                                                                                                                                                                           |
| 50 | B | Base fare or basic fare is the part of total fare on which commission is paid to air travel agent                                                                                                                                                                                                              |
| 51 | A | Transaction value ₹ 40,000<br>Packing charges and freight to be included in the value and it is already included in the price and further inclusion shall not arise.                                                                                                                                           |
| 52 | A | IGST - ₹ 72,000<br>Sec 8 of IGST Act: Foreign establishment of an entity & Indian establishment of same entity = deemed distinct person (DOP)<br>Sec 2(11) of IGST Act: Import of service<br>Sec 7 of CGST Act: Scope of Supply                                                                                |

- Supply includes activity without consideration
  - Import of service without consideration is supply - if it is done for business use and such import is made from Related person or OOP Given case is case of import of service
- Sec 15 of CGST Act: Valuation of supply  
 Sec 15(1) - Not applicable (as this Import is without any consideration)  
 Sec 15(4) - Valuation rules to be applied
- Rule 27: valuation in case of supply involving non-monetary consideration
  - Value = OMV = 4,00,00
- Thus, IGST liability = 18% of ₹ 4,00,000 = ₹ 72,000

## NOTES

|    |   |                                                                                                                                                                                                                                                                                                                    |                                                                                                                |               |          |                   |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|---------------|----------|-------------------|
| 53 | A | ₹ 95,000<br>Rule 32(5): Valuation of second hand goods as per Margin Scheme, i.e., Value = Profit Margin<br>I Condition to be complied with: On purchase of second hand goods, ITC shall not be availed]<br>Given case, Margin Scheme is not available in respect of Car 4 as he has availed ITC on its purchase.  |                                                                                                                |               |          |                   |
|    |   |                                                                                                                                                                                                                                                                                                                    | Value as per Rule 32(5) (₹)                                                                                    | GST @ 18% (₹) | ITC (₹)  | Net liability (₹) |
|    |   | Car 1                                                                                                                                                                                                                                                                                                              | 2,50,000 (value as per Rule 32(5) = margin)                                                                    | 45,000        |          | 45,000            |
|    |   | Car 2                                                                                                                                                                                                                                                                                                              | Ignore (value as per Rule 32(5) = 0, as negative margin)                                                       | —             |          | —                 |
|    |   | Car 3                                                                                                                                                                                                                                                                                                              | 50,000 (value as per Rule 32(5) = margin)                                                                      | 9,000         |          | 9,000             |
|    |   | Car 4                                                                                                                                                                                                                                                                                                              | 9,50,000 (Value as per Sec 15(1) = TV) (margin scheme not applicable as ITC availed on purchase of such goods) | 1,71,000      | 1,30,000 | 41,000            |
|    |   | Total                                                                                                                                                                                                                                                                                                              |                                                                                                                | 2,25,000      | 1,30,000 | 95,000            |
| 54 | A | <u>Supply -1: ASC to BSC = B2B Supply</u><br>CN (credit note) issued by supplier<br><br>Supplier (ASC) = Entitled to reduce his output tax liability<br>Recipient (BSC) = TGo Reserve ITC<br><br><u>Supply-2: BSC to Rakesh = B2C Supply</u><br>CN (credit note) issued by supplier but not intimated to recipient |                                                                                                                |               |          |                   |
|    |   |                                                                                                                                                                                                                                                                                                                    |                                                                                                                |               |          |                   |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 55 | A | <p>CGST - ₹ 630 and SGST - ₹ 630</p> <p>Sec 15: Valuation of Supply = ₹ 2,00,000 + 3,000 + 2500 + 1500]</p> <p>= ₹ 2,07,000</p> <p>[Discount of ₹ 2,000 (cash discount granted upon payment of delivery of goods) = Assumed post discount grant of which was not known to the recipient at the time of supply]</p> <p>GST Liability: CGST = ₹ 18,630 (2,07,000 * 9 %) SGST = ₹ 18,630 (2,07,000 * 9%)</p> <p>Diff payable: CGST = ₹ 630 (18,630 - 18,000) SGST = ₹ 630 (18,630 - 18,000)</p> |
| 56 | B | SunnyKart Co. (P) Ltd ₹ 9.09 crore and pyarelal Singh: ₹ 11.00 Crore                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 57 | D | <p>Sec. 15 Valuation of Supply</p> <p>Value = [₹ 90,00,000 + ₹ 10,00,000 (Non-GST Tax) + ₹ 5,00,000 (freight charged to customer - incidental expense)]</p> <p>Thus, Value of outward supply = ₹ 1,05,00,000</p> <p>Sec 2(6): ATO</p> <p>ATO = Value of outward supplies = ₹ 1,05,00,000</p>                                                                                                                                                                                                 |
| 58 | B | <p>Happy Singh: Nil .Ratanjot Singh : ₹ 5,00,000</p> <p>Value of taxable supply</p> <p><b>Happy Singh:-</b> Nil, because renting of residential dwelling for use of residence (to an unregistered person) is exempt vide Entry no. 12 (is amended recently)</p> <p>Ratanjot Singh: As per Circular No. 44/18/2018-CT tenancy premium is covered in Schedule II of CGST Act value is ₹ 5,00,000.</p>                                                                                          |



# INPUT TAX CREDIT

## Question 1

Mr. Z trades in certain items which are exempt and supplies certain items to SEZ which are zero-rated. He wants to understand which of the following will be included in computation of taxable supplies for purpose of availing input tax credit?

- (A) Zero rated supplies
- (B) Exempted Supplies
- (C) Both
- (D) None of these

## Question 2

Mr. Anand, one of your clients in Mumbai is presently trading in electronic products within India and also all his purchases are made within India. He is now interested to import certain raw material directly from another country to Mumbai, port and puts up a question to you w.r.t applicability of GST and input tax credit of applicable GST. What would be your advice out of below options?

- (A) Import of goods will be treated as inter-state supplies and IGST will be levied on import of goods into the country. The input tax credit equivalent to IGST paid on imports shall be available. Basic custom duty (BCD) as applicable shall be paid as per specified tariff, no input tax credit on BCD is allowed.
- (B) Import of goods in Mumbai by a local trader will be intra-state supplies and CGST, SGST will be levied. The input tax credit equivalent to CGST / SGST paid on imports shall be available. Basic custom duty as applicable shall be paid as per specified tariff, no input tax credit on BCD is allowed.
- (C) Import of goods will be treated as inter-state supplies and IGST will be levied on import of goods into the country. The input tax credit equivalent to IGST paid on imports shall be available. BCD shall not be levied as custom duty is subsumed under GST.
- (D) Import of goods in Mumbai by a local trade will be intra-state supplies and CGST, SGST will be levied. The input tax credit equivalent to CGST / SGST paid on imports shall be available. BCD shall not be levied as custom duty is subsumed under GST.

## Question 3

Compute the value of 'exempted supply' for purpose of section 17(2) of the CGST Act, 2017 from the following details:

I. Value of alcoholic liquor for human consumption: ₹ 1,50,000

- II. Value of architect services supplied: ₹ 2,00,000
- III. Securities of face value of ₹ 1,00,000 sold for ₹ 95,000
- (A) 1,50,000
- (B) 2,50,000
- (C) 2,45,000
- (D) 1,50,950

## Question 4

Kamlesh hires a works contractor for repairing his factory building on a lumpsum payment of ₹ 11,80,000. He debits half of the expenditure in the profit and loss account and the remaining half in the building account. Assuming the rate of GST to be 18%,

- (A) 90,000
- (B) 1,06,200
- (C) 2,12,400
- (D) Nil

## Question 5

- (i) A software professional providing technical consultancy buys a motorcycle for use of his employee.
- (ii) A motor driving school buys a car for being used in imparting motor driving training.
- (iii) A flying school imports an aircraft for use in its training activity.
- (iv) A manufacturer buys a small truck for the purpose of transporting its inputs and finished goods. Input tax credit cannot be taken on:
- (A) (iii)
- (B) In all Cases
- (C) (i)
- (D) (i), (iii)

## Question 6

BTW Pvt. Ltd. has following units:

- A: Factory in Noida, Uttar Pradesh; closed from 2022-23 onwards, no turnover.
- B: Factory in Ghaziabad, Uttar Pradesh; turnover of ₹ 54 crores in 2022-23;
- C: Service centre in Faridabad, Haryana; turnover of ₹ 2 crore in 2022-23;
- D: Service centre in New Delhi; turnover of ₹ 4 crores in 2022-23;

The company's corporate office functions as an input service distributor. It has to distribute input tax credit of ₹ 18 lakh for April, 2023. Of this, an invoice involving tax of ₹ 6 lakh pertains to technical consultancy for Faridabad unit. Input tax credit will be distributed as:

- (A) ₹ 3,00,000 to Noida Factory, ₹ 9,00,000 to Ghaziabad factory, ₹ 3,00,000 to Faridabad service centre and ₹ 3,00,000 to New Delhi service centre.
- (B) ₹ 10,80,000 to Ghaziabad factory, ₹ 6,40,000 to

Faridabad service centre and ₹ 80,000 to New Delhi service centre.

- © ₹ 10,80,000 to Ghaziabad factory, ₹ 40,000 to Faridabad service centre and ₹ 80,000 to New Delhi service centre.
- Ⓓ ₹ 16,20,000 to Ghaziabad factory, ₹ 60,000 to Faridabad service centre and ₹ 1,20,000 to New Delhi service centre.

#### Question 7

Which of the following Input Tax credit (ITC) is not available to the tax payer:-

- Ⓐ ITC on Goods purchased for resale
- Ⓑ ITC on Goods used for providing taxable services
- Ⓒ ITC on Goods used in making supplies out of India
- Ⓓ ITC on purchase of luxury car for use by director

#### Question 8

The unutilised credit by the transferor of business shall be filed in form?

- Ⓐ Form GST ITC-01
- Ⓑ Form GST ITC-02
- Ⓒ Form GST ITC-03
- Ⓓ Form GST ITC-04

#### Question 9

In which of the following conditions the input tax credit will be available?

- Ⓐ Capital goods used for making exempted goods
- Ⓑ Capital goods used for exclusively non-business (personal) purpose
- Ⓒ Depreciation has been claimed on tax component of capital goods
- Ⓓ None of these

#### Question 10

Input tax credit of CGST can be utilised for the following?

- Ⓐ For the payment of penalties
- Ⓑ For the payment of interest
- Ⓒ For payment of IGST
- Ⓓ For payment of SGST

#### Question 11

What are the prior conditions to claim input tax credit?

- Ⓐ Tax invoice or debit note should be available
- Ⓑ The person should have received the goods/ services
- Ⓒ Tax charged on the purchases has been deposited/paid to the government by the supplier
- Ⓓ All the above

#### Question 12

What will happen to the rest of credit carried forward in respect of a regular dealer switching over to composition stream under GST, after adjusting to the inputs held in stock?

- Ⓐ Carry forward the rest of the credit
- Ⓑ Credit kept in abeyance till the taxable opts for normal scheme once again
- Ⓒ Credit lapses
- Ⓓ Electronic credit ledger will freeze with the credit available

#### Question 13

Input tax Credit is available on all supplies which are used or intended to be used in the course or furtherance of business. Input tax credit will be available under which of the following situations?

- Ⓐ GST paid on motor car used in the course and furtherance of business.
- Ⓑ GST paid on club membership fees.
- Ⓒ GST paid on goods or services or both used for personal consumption.
- Ⓓ IGST @18% paid on inputs purchased from a vendor in Bangalore where the supplier is registered in Rajasthan.

#### Question 14

In case supplier has deposited the taxes but the receiver has not received the documents, is receiver entitled to avail credit?

- Ⓐ Yes, it will be auto populated in recipient monthly returns
- Ⓑ No as one of the conditions of 16(2) is not fulfilled
- Ⓒ Yes, if the receiver can prove later that documents are received subsequently
- Ⓓ None of the above

#### Question 15

An assessee has, change of scheme from composition to regular scheme and from exempted goods/ services to taxable goods/services. It can avail credit on capital goods lying in stock. What is the time limit within such capital goods should be purchased?

- Ⓐ 1 year from the date of invoice
- Ⓑ 3 years from the date of invoice
- Ⓒ 5 years from the date of invoice
- Ⓓ None of the above

#### Question 16

ITC cannot be availed by a person if

- Ⓐ ITC relates to tax paid on goods received by agent (or) third person on behalf of registered person
- Ⓑ ITC relates to tax paid in pursuance of any

demand u/s 73 or 74.

- © ITC related to previous month inputs
- ④ None of above

#### Question .17

The details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be included in FORM\_\_\_\_\_?

- ① Form GST ITC-03
- ② Form GST ITC-04
- ③ Form GSTR-2
- ④ None of Above

#### Question .18

When the goods are sent from one job worker to another, the challan issued by the principal:

- ① may be endorsed by the job worker sending goods to another job worker
- ② may be endorsed by the Job worker receiving the goods
- ③ cannot be endorsed as such
- ④ None of the above.

#### Question .19

Input Tax credit as credited in Electronic Credit ledger can be utilized for

- ① Payment of Interest
- ② Payment of penalty
- ③ Payment of Fine
- ④ Payment of Taxes

#### Question .20

A Ltd purchased a machinery on 10.8.2022 for ₹ 10,00,000 (Excl. GST @ 12%) and availed ITC. within 180 days from 10.08.2022, A Ltd paid ₹ 8,00,000 (incl. GST). Compute the ITC to be reversed on expiry of 180 days.

- ① ₹ 1,20,000
- ② ₹ 24,000
- ③ ₹ 34,286
- ④ ₹ 85,714

#### Question .21

Input tax credit on capital goods and Inputs can be availed in one installment or in multiple installments?

- ① In thirty-six installments
- ② In twelve installments
- ③ In one installment
- ④ In six installments

#### Question .22

Mr. A, a practicing CA purchased 3 laptops each having a tax element of ₹ 25,000 in his firm name. Two laptops he utilised in his office whereas one

laptop he gifted to his brother in law. What is the amount of ineligible ITC?

- ① ₹ 25,000
- ② ₹ 50,000
- ③ ₹ 75,000
- ④ None of these

#### Question .23

ITC on motor vehicles having the approved seating capacity of \_\_\_\_\_ shall be disallowed except in few cases.

- ① 13 persons or less including the driver
- ② 13 persons or less excluding the driver
- ③ 12 persons
- ④ No such limit

#### Question .24

ITC on motor vehicles on its leasing, renting or hire is not allowed except \_\_\_\_\_

- ① When used for making outward supply of same category
- ② When used in the course or furtherance of business
- ③ When making outward sale of such motor vehicles
- ④ None of the above

#### Question .25

Determine whether ITC is available in the following situations:

- i) Health insurance of factory employees (Not mandated under any law)
  - ii) Works Contract's service used for installation of plant & machinery
  - iii) Purchase of car used by director for the business meetings only.
- ① Not eligible, Eligible, Not eligible
  - ② Not eligible, Not eligible, Not eligible
  - ③ Eligible, Not eligible, Not eligible
  - ④ Eligible, Eligible, Not eligible

#### Question .26

Tax invoice on the basis of which the credit can be taken should be drafted as per the conditions of \_\_\_\_\_

- ① Section 31
- ② Section 16
- ③ Section 20
- ④ Section 17(5)

#### Question .27

If a person makes export supplies or supplies to SEZ, will he be eligible to avail the ITC?

- ① Yes, if he supplies under Bond/LUT
- ② Yes, if he doesn't supply under Bond/LUT
- ③ Yes, he can avail ITC in any situation, whether

supplied under bond (or) not

- Ⓓ None of the above

### Question .28

ABC P. Ltd. purchased a machinery on 15th July 2018 for ₹ 10 lakhs on which IGST was paid @ 18%. He availed the ITC and utilised the capital goods. On 16th October 2019 he sold the machinery as second hand goods for ₹ 8,00,000. Calculate the amount of ITC that needs to be paid.

- Ⓐ ₹ 1,26,000  
Ⓑ ₹ 1,44,000  
Ⓒ Either (a) or (b), at the option of ABC Pvt Ltd  
Ⓓ None of these

### Question .29

What supplies are included in exempt supplies on which the ITC shall not be allowed?

- Ⓐ Supplies liable to tax under reverse charge mechanism  
Ⓑ Transactions in securities  
Ⓒ Sale of land  
Ⓓ All of the above

### Question .30

What is the maximum time limit for taking ITC?

- Ⓐ There is no time limit for availing ITC  
Ⓑ 20th October of the next financial year or the date of filing annual return whichever is earlier  
Ⓒ 30th November of the next financial year or the date of filing annual return, whichever is earlier  
Ⓓ 30th September of the next financial year or the date of filing annual return, whichever is earlier

### Question .31

If goods are received in lots/installment

- Ⓐ 50% ITC can be taken on receipt of 1st installment and balance 50% on receipt of last installment.  
Ⓑ ITC can be availed upon receipt of last installment.  
Ⓒ 100% ITC can be taken on receipt of 1st installment.  
Ⓓ Proportionate ITC can be availed on receipt of each lot/installment

### Question .32

A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income- tax Act, 1961. The supplier can \_\_\_\_\_

- Ⓐ avail only 50% of the said tax component as ITC  
Ⓑ not avail ITC on the said tax component  
Ⓒ avail 100% ITC of the said tax component

- Ⓓ avail only 25% of the said tax component as ITC

### Question .33

For banking companies using inputs and input services partly for taxable supplies and partly for exempt supplies, which of the statement is true?

- Ⓐ ITC shall be compulsorily restricted to credit attributable to taxable supplies including zero rated supplies  
Ⓑ 50% of eligible ITC on inputs, capital goods, and input service shall be mandatorily taken in a month and the rest shall lapse  
Ⓒ Banking company can choose to exercise either option (a) or option (b)  
Ⓓ None of the above

### Question .34

\_\_\_\_\_ is required to be filed to avail ITC w.r.to closing stock in terms of Sec. 18(1)

- Ⓐ FORM GST ITC 04  
Ⓑ FORM GST ITC 03  
Ⓒ FORM GST ITC 02  
Ⓓ FORM GST ITC 01

### Question .35

Which of the following statements are correct in the context of ITC

- In case of death of sole proprietor if the business is continued by any person being transferee or successor, the input tax credit which remains unutilised in the electronic credit ledger is not allowed to be transferred to transferee
  - Input tax credit shall be available to the supplier of the inputs, input services and capital goods to the extent they are used in relation to the gift or free samples distributed without any consideration
  - If activity of distribution of gifts or free samples falls within the scope of supply on account of provision contained in Schedule I of the said Act, the supplier would be eligible to avail ITC
- Ⓐ Only 1  
Ⓑ 1 and 2  
Ⓒ Only 3  
Ⓓ 1, 2 and 3

### Question .36

The details of inward supply furnished by the registered recipient shall be matched with \_\_\_\_\_

- Ⓐ Corresponding details of outward supply furnished by corresponding supplier  
Ⓑ Details on the ICEGATE  
Ⓒ Tax payment made by supplier  
Ⓓ All the above



Question .37 

Which of the following statement is false in the context of ITC 1. Principal is entitled to take ITC even though goods are not received by him but goods are received by his job worker 2. In case of switch over from regular scheme to composition scheme, ITC is fully restricted 3. Compliance of the provisions of Sec. 17(2) regarding restriction of credits relating to exempt supplies is mandatory to a banking company/FI engaged in accepting deposits or extending loans 4. Goods are termed as capital goods only if it is capitalised in the books of the registered person.

- Ⓐ Only 1
- Ⓑ 1 and 2
- Ⓒ Only 3
- Ⓓ 1,2 and 3

Question .38 

Mr. X placed an order with Mr. Y for 10,000 pieces of a product on 1st Jan 2023 and the same order is to be received on last day of every month i.e. 1,000 pieces to be received in the next 10 months. When can Mr. X book the credit in his books and electronic credit ledger?

- Ⓐ 28th Feb 2023
- Ⓑ 31st Oct 2023
- Ⓒ 31st March 2023
- Ⓓ Proportionately with respect to every instalment

Question .39 

In case of credit distributed in excess of the eligible by an ISD shall be recovered from \_\_\_\_\_

- Ⓐ ISD
- Ⓑ All the divisions under ISD
- Ⓒ Not recovered, if credit notes issued
- Ⓓ Recovered from Division, to whom excess credit issued.

Question .40 

Sukhamani Traders, registered in Maharashtra, purchased machinery two years back worth ₹2,00,00,000 and did not avail ITC on said machinery at the time of its purchase. After using the machinery for two years, it gave said machinery free of cost in the month of September (in the current year) to an unrelated person in Punjab. On the date of transfer, open market value of the machinery was ₹1,25,00,000 and the written down value was ₹1,53,00,530. In the month of September, it also supplied taxable goods worth ₹50,00,000 to Royal Oil Corporation Limited in the territorial waters. The said territorial waters are located at a distance of 5 nautical miles from the baseline of the State of Maharashtra and 7 nautical miles from the baseline of the State of Kerala. All above amounts are exclusive of GST

and rates of applicable CGST, SGST and IGST in above cases are 9%, 9% and 18%. You are required to determine the amount of net CGST and SGST and/or IGST payable in the month of September.

- Ⓐ CGST: ₹ 4,50,000; SGST: ₹ 4,50,000; IGST: Nil
- Ⓑ CGST: Nil; SGST: Nil; IGST: ₹ 9,00,000
- Ⓒ CGST: Nil; SGST: Nil; IGST: Nil
- Ⓓ CGST: ₹ 4,50,000; SGST: ₹ 4,50,000; IGST: ₹ 22,50,000

Question .41 

AB Ltd a registered manufacturer demerged its entity into A Ltd and B Ltd. The total value of Assets of AB Ltd is ₹ 45,00,000 (which include furniture and fixture ₹ 10,00,000, two motor vehicles ₹ 5,00,000 (₹ 2,50,000 each), plant and machinery ₹ 20,00,000 ; other assets ₹ 10,00,000) Unutilized credit on account of CGST, SGST and IGST amounted to ₹ 56,000, ₹ 65,000 and ₹ 75,000 respectively. The above unutilised ITC does not include ITC on motor vehicle as it is block credit as per sec 17(5) of CGST Act. The value of asset of AB Ltd. is divided equally in A Ltd and B Ltd. except the value of motor vehicle. Motor vehicle is taken over by A Ltd. Discuss the eligibility of credit transferred to the new units on account of Demerger. Calculate the value of asset in which ITC is divided between A Ltd. and B Ltd.

- Ⓐ A Ltd. - ₹ 25,00,000 and B Ltd. - ₹ 20,00,000
- Ⓑ A Ltd. - ₹ 22,50,000 and B Ltd. - ₹ 22,50,000
- Ⓒ A Ltd. - ₹ 20,00,000 and B Ltd. - ₹ 20,00,000
- Ⓓ A Ltd. - ₹ 22,50,000 and B Ltd. - ₹ 20,00,000

Question .42 

A taxable person has made following supplies in January, 2018 – Sales within the State – ₹ 2,00,000. Exports out of India – ₹ 60,000. Supplies to SEZ located within the State – ₹ 40,000. He does not intend to clear goods under Letter of Undertaking (LUT) or bond. The input tax credit available to him during January, 2018 – IGST – Nil. CGST – ₹ 10,000. SGST – ₹ 20,000. There is no opening balance in his electronic cash ledger or electronic credit ledger. Tax rates are – SGST – 9%, CGST – 9%, IGST – 18%. How much amount is payable by him in cash?

- Ⓐ CGST - ₹ 8,000 & SGST - nil
- Ⓑ CGST - ₹ 11,600 & SGST - ₹ 1,600
- Ⓒ CGST - ₹ 8,000, SGST - nil & IGST - ₹ 5,200
- Ⓓ CGST - ₹ 8,000, SGST - nil & IGST - ₹ 16,000

Question .43 

Which of the following statement is correct?

- Ⓐ If purchaser fails to pay value along with tax amount to supplier within 180 days, then the ITC amount along with interest should be added to his output tax liability.

- ⑤ If purchaser fails to pay value along with tax amount to supplier within 180 days, then the ITC amount along with interest should be reversed from the electronic ledger.
- ⑥ If purchaser fails to pay taxable value to supplier within 180 days, then the ITC amount should be added to his output tax liability.
- ⑦ If purchaser fails to pay the tax amount to supplier within 180 days, then the interest amount should be added to his output tax liability.

#### Question .44

Mr. Natwarlal, a registered person under GST, was the proprietor of M/s. Spiceton Restaurant. He died and left behind his wife and son on 15-Aug-2018. His son wants to continue the business of the deceased father. The GST consultant of M/s. Spiceton Restaurant, gave the following advices to the son, so that the son could continue the business of his deceased father. Which of the following option is correct in accordance with the provisions of GST law.

- ① The son should get himself registered under the name and style M/s. Spiceton Restaurant, under his own PAN and file Form ITC-02.
- ② The son can get the authorized signatory changed by approaching to the Proper Officer and can continue the same business.
- ③ The son should close the old firm and start new business under different name.
- ④ The son should do the business as his mother as the new proprietor of the M/s. Spiceton Restaurant, and son should act as a Manager.

#### Question .45

Metrowalk (P) Ltd. has four units registered in Mumbai, Gurgaon, Kolkata and Punjab with its Head Office registered as ISD in Delhi. Due to some dispute with one of the common customers of Gurgaon and Punjab Branch, the Delhi Head Office took legal services of a lawyer whose consultation fee was ₹ 2,00,000/-. Since the legal advice was usable by all units, the Delhi ISD office wants to distribute the credit to all its four units. As a consultant of Metrowalk (P) Ltd., advice what is the best course of action?

- ① Delhi unit should pay tax on legal services obtaining separate registration as a normal tax payer. The credit of said tax should be distributed to Gurgaon and Punjab Branch equally.
- ② Delhi unit should pay tax on legal services with its ISD registration. The credit of said tax should be distributed to Gurgaon and Punjab Branch equally.
- ③ Delhi unit should pay tax on legal services with its ISD registration. The credit of said tax should be distributed to all units in the ratio of

their turnover.

- ④ Delhi unit should pay tax on legal services obtaining separate registration as a normal tax payer. The credit of said tax should be distributed to all units in the ratio of their turnover.

#### Question .46

The Head Office of XYZ Ltd. is registered as Input Service Distributor in Delhi. Its Branch Office in Mumbai is engaged in the supply of readymade garments. The Head Office received an invoice from Software Solutions (P) Ltd. registered in Delhi for software maintenance service. However, the software is used in Branch Office in Mumbai. Tax invoice indicates amount as CGST: ₹ 25,000/- and SGST: ₹ 25,000/-. Calculate the amount of tax to be distributed by Head Office to its Branch Office.

- ① IGST - ₹ 25,000
- ② CGST - ₹ 25,000 & SGST - ₹ 25,000
- ③ CGST - ₹ 25,000
- ④ IGST - ₹ 50,000

#### Question .47

Calculate the amount of eligible ITC?

- 1) Purchase of mobile phones for employees to be used for business purposes - ₹ 20,000
  - 2) Taxes paid on telephone expenses - ₹ 5,000
  - 3) Taxes paid on security services availed by registered person for his factory - ₹ 18,000
  - 4) Motor vehicle purchased for employees to be used for personal as well as business purposes - ₹ 1,50,000
  - 5) Motor vehicle purchased for transportation of goods within the factory of registered person - ₹ 2,00,000
  - 6) Taxes paid on food expenses incurred by registered person for his employees - ₹ 2,000
  - 7) Rent-a-cab facility given to employees as it is obligatory for the employer to provide it under an applicable law - ₹ 36,000
  - 8) Taxes paid on purchase of cement and other material for renovation of the office room (not capitalised) - ₹ 16,000.
- ① ₹ 2,95,000
- ② ₹ 4,47,000
- ③ ₹ 2,43,000
- ④ ₹ 2,59,000

#### Question .48

Mr. Jolly, lawyer is registered in Delhi. He has income of ₹ 32,00,000 from legal services. Also, he has given a commercial land on rent for which he is charging ₹ 5,00,000 per month. He has also extended loan of ₹ 1 crore for which he received interest amounting to ₹ 12,00,000 annually. What will be the value of exempt supply for the purpose of reversal of input tax credit under rule 42?

- a) ₹ 44,00,000  
b) ₹ 12,00,000  
c) ₹ 32,00,000  
d) ₹ 60,00,000

#### Question .49

M/s. Lex Corp. (P) Ltd. is a registered manufacturer of fruit juices. It purchases plastic bottles and cardboard and sends the same for affixing stickers on plastic bottles and manufacturing boxes from cardboard to a registered job worker, M/s. Hammer Industries (P) Ltd. These raw materials are sent directly from the place of business of supplier to the premises of job worker. M/s. Lex Corp. (P) Ltd. booked input tax credit on purchase of such items. The following transactions took place in this regard: Determine the total amount to be added to the output tax liability of M/s. Lex Corp. (P) Ltd. in case of violation of section 143 of the CGST Act, 2017. Ignore the different point of times when the amount is added to the output tax liability.

| Value of goods sent to job worker | ITC paid on such goods | Date of purchase of goods | Date of receipt of goods by Hammer Industries | Date of goods received back from Hammer Industries (P) Ltd |
|-----------------------------------|------------------------|---------------------------|-----------------------------------------------|------------------------------------------------------------|
| ₹ 50,000                          | ₹ 6000                 | 10.07.2021                | 15.07.2021                                    | 12.07.2022                                                 |
| ₹ 2,00,000                        | ₹ 24,000               | 25.09.2021                | 27.12.2021                                    | 13.10.2022                                                 |
| ₹ 8,00,000                        | ₹ 96,000               | 22.12.2021                | 25.12.2021                                    | 16.08.2023                                                 |
| ₹ 10,00,000                       | ₹ 1,20,000             | 21.01.2022                | 25.01.2022                                    | 23.01.2023                                                 |
| ₹ 3,50,000                        | ₹ 42,000               | 24.02.2022                | 26.02.2022                                    | 28.02.2023                                                 |

- Ⓐ ₹ 2,88,000/- + Interest @ 18%  
Ⓑ ₹ 2,88,000/- + Interest @ 24%  
Ⓒ ₹ 1,62,000/- + Interest @ 24%  
Ⓓ ₹ 1,62,000/- + Interest @ 18%

#### Question .50

Mr. Rahul Roy, proprietor of M/s. Royal Shoe & Company is running a business of manufacturing shoes with the brand name of 'JUNOON'. The manufacturing unit is located in Pune and registered under GST. However, due to low profitability in the business, he has decided to transfer his business to his friend Mr. Dilip Tijori. Mr. Dilip Tijori is already running the business of manufacturing shoes under a proprietorship firm named M/s Hawai Shoes; Company which is located in Mumbai and registered under GST. Mr. Rahul Roy has approached you to help him with the issue of transfer of unutilized input tax credit in electronic credit ledger of M/s. Royal Shoe & Company to M/s Hawai Shoes Company. Advise Mr. Rahul Roy with the correct

option in accordance with the provisions of the CGST Act, 2017 :

- Ⓐ M/s. Royal Shoe & Company cannot transfer unutilized input tax credit in its electronic credit ledger to M/s Hawai Shoes & Company, as the proprietors are different.  
Ⓑ M/s. Royal Shoe & Company can transfer unutilized input tax credit in its electronic credit ledger to M/s Hawai Shoes & Company and it can further be utilized in setting off GST liability for succeeding period.  
Ⓒ M/s. Royal Shoe & Company can transfer unutilized input tax credit in its electronic credit ledger to M/s Hawai Shoes & Company and it can be further utilized in setting off GST liability for a period upto the month of September following the  
Ⓓ M/s. Royal Shoe & Company cannot transfer unutilized input tax credit in its electronic credit ledger to M/s Hawai Shoes & Company but can claim refund of such unutilized input tax credit.

#### Question .51

Mr A is into business of taxi services (i.e., transportation of passengers). Mr B is into business of renting of cabs/ cars on per day rental basis. Both of them have purchased two new motor car (6 seaters). Which of the following statement is correct

- Ⓐ Both are entitled to avail ITC in respect of motor vehicles purchased by them.  
Ⓑ None of them is entitled to avail ITC in respect of motor vehicles purchased by them.  
Ⓒ Mr A is entitled to avail ITC, but Mr B is not entitled to avail ITC.  
Ⓓ Mr A is not entitled to avail ITC, but Mr B is entitled to avail ITC.

#### Question .52

Honey Ltd is located in Delhi and engaged in manufacture of mechanical appliances. It submits the following information pertaining to inward supplies during Dec 2018 — Find the amount of ITC eligible

- Steel rods for manufacturing (received in factory on December 2, 2018) (invoice is missing, not available in the records of X Ltd.). Taxable value is ₹ 7,50,000 and GST is ₹ 1,35,000
- Machine tools (received on December 7, 2018) (payment is made on April 10, 2019). Taxable Value is ₹ 1,00,000 and GST paid is ₹ 18,000
- Stainless steel sheets (first instalment received on December 24, 2018, second and final instalment will be received on January 10, 2019) (invoice for both instalments received on December 26, 2018, taxable value + GST : ₹ 5,90,000). Taxable Value is ₹ 5,00,000 and GST paid is ₹ 90,000



4. Tax consultancy given by a chartered accountant (time of supply : December 10, 2018). Taxable Value is ₹ 40,000 and GST paid is ₹ 7,200
  5. Air-conditioner for office (received in office on December 20, 2018) (for income-tax purposes depreciation is claimed under section 32 on ₹ 32,000). Taxable value is ₹ 25,000 and GST paid is ₹ 7,000
  6. Heating system for canteen (received on December 28, 2018, depreciation is claimed on taxable value excluding GST). Taxable value is ₹ 1,00,000 and GST paid is ₹ 28,000
  7. Corporate membership of Times Club (it will be used by directors to entertain foreign collaborators only). Taxable value is ₹ 50,000 and GST paid is ₹ 90,000 .
- a) ₹ 53,200
  - b) ₹ 1,43,200
  - c) ₹ 1,88,200
  - d) ₹ 62,200

#### Question .53

Supplier entered into supply contract with recipient for consideration of 5,00,000 (GST extra). Later on, recipient incurred certain expenses which otherwise supplier was supposed to incur for providing service under contract. Due to this, supplier ultimately raised invoice of Rs 3,50,000 (GST extra) on the recipient. Recipient made payment of this 3,50,000 on next day. As per Department, value of supply in terms of Sec 15 shall be 5,00,000 (GST extra) and since, recipient has paid only 3,50,000 (GST extra) to the supplier, he shall reverse pro-rata ITC on expiry of 180 days from date of invoice. Which of the following statement is true?

- Ⓐ Value of supply is 5,00,000 and pro-rata reversal is required
- Ⓑ Value of supply is 3,50,000 and no pro-rata reversal is required
- Ⓒ Value of supply is 5,00,000 but no pro-rata reversal is required
- Ⓓ None of the above

#### Question .54

ITC shall be allowed in which of the following options

- I. Work-Trucks
  - II. Fork-Lift Trucks
  - III. Tippers
  - IV. Dumpers Tick the correction option
- Ⓐ (i) and (ii)
  - Ⓑ (i), (ii) and (iii)
  - Ⓒ (iii) and (iv)
  - Ⓓ (i), (ii), (iii) and (iv)

#### Question .55

Mr. ChamCham, registered under GST in Delhi, is a domestic trader as also an exporter of whole sale goods. His annual turnover and input tax details are follows:

|                | Turnover outward supply | Related Input tax paid |
|----------------|-------------------------|------------------------|
| Taxable Goods  | 90,00,000/-             | 9,00,000/-             |
| Exempt Goods   | 10,00,000/-             | 1,00,000/-             |
| Exported Goods | 15,00,000/-             | 2,00,000               |

No GST is payable on exempt and exported goods Mr. ChamCham seeks your expert help in calculating the amount of ITC, which he is eligible to claim:

- Ⓐ ₹ 12,00,000
- Ⓑ ₹ 11,00,000
- Ⓒ ₹ 10,00,000
- Ⓓ ₹ 9,00,000

#### Question .56

Mr A was running business of supply of goods. He was GST registered proprietorship firm. He died due to heart attack. His only son, CA Prem Kumar , succeeded into his business. CA Prem Kumar has taken GST registration in terms of Sec 22 of CGST Act. Whether ITC lying unutilized in-credit ledger of his father (linked to his father GSTIN) can be transferred to e-credit ledger (linked to GSTIN of CA Prem Kumar)?

- Ⓐ No, such unutilized credit shall lapse with death of proprietor
- Ⓑ Yes, such unutilized credit shall be transferred to CA Prem Kuma who has succeeded into the business but due to lack of transfer provisions will not be transferred
- Ⓒ Yes, such unutilized credit shall be transferred to CA Prem Kumar who has succeeded into the business and Sec 18(3) read with Rule 41 shall be applicable for such succession as they apply in case of transfer of business by some transferor to transferee.
- Ⓓ None of the above

#### Question .57

M/s. X Ltd. (face cream manufacturer) has supplied certain goods to a distributor. The goods were transported in own conveyances without E-way bill and invoices. PO intercepted vehicle and detained goods and vehicle as transportation was without coverage of requisite documentations. Such consignment was later on released when X Ltd. (owner of goods) comes forward to release the goods paying tax, interest and penalty in terms of Sec 129 of CGST Act. Whether ITC of GST so paid by X Ltd. is available to the recipient distributor?

- Ⓐ Yes as supplier has paid it to the Government



- (B) Yes but only if supplier issued 'tax invoice'  
 (C) Not admissible  
 (D) ITC is admissible if PO so allowed by passing an order

### Question .58

The person was operating in regular scheme. Now in FY 2018-19, he wants to opt for the composition scheme. Which form he must file to provide details of the input tax credit in respect of the stock of goods held with him on the day preceding the date of opting in composition scheme

- (A) FORM GST ITC 01  
 (B) FORM GST ITC 02  
 (C) FORM GST ITC 03  
 (D) FORM GST ITC 04

### Question .59

Which of the following statements is false?  
 (i) ITC on works contracts services availed by a software company for construction of its office, is blocked.

(ii) ITC on works contract services availed by a manufacturing company for construction of pipelines to be laid in its factory, is blocked.

(iii) ITC available on motor car purchased for giving it on hire

(iv) ITC not available on hiring of jeep by a wild life sanctuary which gives combo price for entry to sanctuary and jeep drive.

- (A) (i) and (iv)  
 (B) (i), (ii) and (iii)  
 (C) (ii) and (iv)  
 (D) (ii), (iii) and (iv)

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                            |
|------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | A              | ITC cannot be availed on inward supplies, if the outward supplies are exempted. However, in case where the outward supplies are zero rated, then ITC can be availed on inward supplies.                |
| 2    | A              | Import of goods are treated as deemed interstate supply as per Sec. 7(2) of IGST Act, 2017 upon import only IGST paid can be availed as ITC but the other Customs duties paid cannot be availed as ITC |
| 3    | D              | Value of alcoholic liquor = ₹ 1,50,000, Value of architect services = Not an exempt supply, Value of securities = ₹ 95,000 × 1% = ₹ 950 Total value of exempted supplies = ₹ 1,50,950                  |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | A | Value of inward supply = 11,80,000 (Incl. of GST @ 18%)<br>GST on above = 11,80,000 × 18/118 = 1,80,000 ITC not available if inward supplies are used for construction of immovable property. However, ITC available if such construction expenditure is charged to P&L. Therefore, in the present case, ITC available = 1,80,000 × 50% = 90,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 5 | C | (i) A software professional providing technical consultancy buys a motorcycle for use of his employee. - ITC not available as motor vehicles used for transportation of persons having a capacity not exceeding 13 is blocked ITC. Also it is not covered under exceptions, therefore ITC not available.<br>(ii) A motor driving school buys a car for being used in imparting motor driving training. - ITC not available as motor vehicles used for transportation of persons having a capacity not exceeding 13 is blocked ITC. However, if they are used for imparting driving skills then ITC available.<br>(iii) A flying school imports an aircraft for use in its training activity. - ITC not available on vessels and aircrafts. However, if they are used for imparting driving skills then ITC available.<br>(iv) A manufacturer buys a small truck for the purpose of transporting its inputs and finished goods. - ITC available, as motor vehicle other than used for transportation of persons, vessels and aircrafts, are not blocked ITC |
| 6 | B | As Noida factory is not operational, ITC cannot be distributed to that unit. As ₹ 6,00,000 of ITC pertains to Faridabad unit, entire ITC distributed to that unit. Remaining ITC of ₹ 12,00,000 distributed to Ghaziabad, Faridabad and New Delhi in the ratio of 54:2:4 ratio. ITC to Ghaziabad = ₹ 12,00,000 × 54/60 = ₹ 10,80,000. ITC to Faridabad = ₹ 6,00,000 + (₹ 12,00,000 × 2/60) = ₹ 6,40,000. ITC to New Delhi = ₹ 12,00,000 × 4/60 = ₹ 80,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7  | D | ITC on Goods purchased for resale - ITC available as the same is not blocked ITC and used in the course or furtherance of business. ITC on Goods used for providing taxable services - ITC available as the same is not blocked ITC and used in the course or furtherance of business, ITC on Goods used in making supplies out of India -Exports are zero rated supplies and ITC available. ITC on purchase of luxury car for use by director -ITC not available as motor vehicles used for transportation of persons having a capacity not exceeding 13 is blocked ITC. Also it is not covered under exceptions, therefore ITC not available. |
| 8  | B | In case of transfer of business by way of sale of business, merger or demerger, a registered taxpayer can transfer the input tax credit unutilised and available in his electronic credit ledger into another business by filing a declaration in Form GST ITC-02. It must be filed by the transferor and action must be taken by the transferee.                                                                                                                                                                                                                                                                                               |
| 9  | D | Capital goods used for making exempted goods - As per Sec. 17(2) of CGST Act, if inward supplies are used for exempted outward supplies, then ITC not available, Capital goods used for exclusively non-business (personal) purpose - Blocked ITC under Sec. 17(5) Depreciation has been claimed on tax component of capital goods - As per Sec. 16(3), if depreciation is computed on tax component, then ITC not available.                                                                                                                                                                                                                   |
| 10 | C | The balance in electronic credit ledger can be used only for payment of taxes but not interest, penalty and fee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11 | D | Following are the conditions for Availing ITC as per Sec. 16<br>1. Only a registered person can avail ITC<br>2. Inward supplies should be used or intended to be used in the course or furtherance of business<br>3. Person Availing ITC should be in possession of tax paid document<br>4. person availing ITC should have actually received goods or service<br>5. Applicable GST on such inward supplies should be paid<br>6. Supplier should report the details of transaction in GSTR -1 and made available to recipient in GSTR - 2B,<br>7. Person availing ITC should file returns in GSTR-3B<br>8. Such ITC reflected in GSTR-2B should not be restricted. |
| 12 | C | As per Sec. 18(4), if a person opts for composition scheme, ITC availed on closing stock needs to be reversed. Balance ITC, if any shall be lapsed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 13 | D | GST paid on motor car used in the course and furtherance of business. - It is blocked. ITC GST paid on club membership fees. - It is blocked ITC. GST paid on goods or services or both used for personal consumption. - It is blocked ITC. IGST @18% paid on inputs purchased from a vendor in Bangalore where the supplier is registered in Rajasthan. - IGST paid on inward supplies used in the course or furtherance of business is eligible for ITC.                                                                                                                                                                                                         |

**N O T E S**

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 14 | B | Following are the conditions for availing ITC as per Sec. 16,<br>1. Only a registered person can avail ITC,<br>2. Inward supplies should be used or intended to be used in the course or furtherance of business,<br>3. Person Availing ITC should be in possession of tax paid document,<br>4. person availing ITC should have actually received goods or service,<br>5. Applicable GST on such inward supplies should be paid,<br>6. Supplier should report the details of transaction in GSTR -1 and made available to recipient in GSTR - 2B,<br>7. Person availing ITC should file returns in GSTR-3B,<br>Note: ITC not available, as person Availing ITC is not in the possession of tax paid documents.<br>8. Such ITC reflected in GSTR-2B should not be restricted. |
| 15 | A | As per Sec. 18(2) of CGST Act, 2017A registered person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 16 | B | Any tax paid u/s 73 or 74 tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts, which is blocked credit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 17 | B | Form GST ITC-04 is a declaration form to be furnished by registered persons (Principal), showing the details of inputs or capital goods dispatched to or received from a job worker in an applicable tax period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## NOTES

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18 | A | Where goods are sent from one job worker to another job worker: In such cases, the goods may move under the cover of a challan issued either by the principal or the job worker. As an alternative, the challan issued by the principal may be endorsed by the job worker sending the goods to another job worker, indicating therein the quantity and description of goods being sent. The same process may be repeated for subsequent movement of the goods to other job workers.                                                                           |
| 19 | D | Balance in electronic credit ledger can be utilised only for payment of taxes, but not for payment of interest, penalty and fee.                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 20 | C | ITC availed should be reversed (or) paid w.r.to proportionate amount not paid to supplier within 180 days from the date of invoice<br>ITC to be reversed<br>= (₹ 11,20,000 - ₹ 8,00,000) × 12/112 = ₹ 34,286                                                                                                                                                                                                                                                                                                                                                  |
| 21 | C | ITC w.r.to capital goods can be availed entirely in the same month in which it is purchased.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 22 | A | Inward supplies used for personal consumption cannot be availed as ITC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 23 | A | motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except in few cases is blocked ITC under Sec. 17(5).                                                                                                                                                                                                                                                                                                                                                                  |
| 24 | A | Leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, is blocked ITC life insurance and health insurance. Provided that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25 | A | (i) Health insurance of factory employees (Not mandated under any law) - Not eligible. ITC available only if it is under statutory obligation (ii) Works Contract's service used for installation of plant & machinery - ITC available as plant and machinery is exception to blocked ITC (iii) Purchase of car used by director for the business meetings only - Not eligible as Car is blocked ITC and in the present case it is not covered under exceptions. |
| 26 | B | As per Sec. 16 of CGST Act, ITC available if the person availing ITC is in possession of valid tax paid document. Tax invoice under Sec. 31 is one of the valid tax paid document as per Rule 36 of CGST Rules.                                                                                                                                                                                                                                                  |
| 27 | C | Exports or supplies to SEZ is zero rated supplies and are treated as taxable supplies for availment of ITC.                                                                                                                                                                                                                                                                                                                                                      |
| 28 | B | GST payable as per Sec. 18(6) is highest of the following<br>a) GST paid (-) 5% for ever quarter or part thereof = ₹ 1,80,000 (-) 6 Quarters X 5% = ₹ 1,26,000 or b) GST on sale value = ₹ 8,00,000 X 18% = ₹ 1,44,000, whichever is LOWER.                                                                                                                                                                                                                      |
| 29 | D | Meaning of exempted supplies as per Sec. 17(3) of CGST Act,<br>1. Notified as exempted<br>2. Nil rated,<br>3. Non taxable,<br>4. Supplies on which the recipient is liable to pay tax on reverse charge basis,<br>5. Transactions in securities,<br>6. Sale of land and,<br>7. Subject to clause (b) of paragraph 5 of Schedule II, sale of building.<br>8. Supply of warehouse goods to any person before clearance.                                            |
| 30 | C | A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the 30th of November following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier                                                                                                                                 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31 | B | where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 32 | B | 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.                                                                                                                                                                                                                                                                                                                                                                                            |
| 33 | C | A banking company or a financial institution including a non-banking financial company, shall have the option to either comply with the provisions of 17 sub-section (4), or avail of, every month, an amount equal to fifty per cent. of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse                                                                                                                                                                                                                                                                                       |
| 34 | D | FORM GST ITC 01 is a declaration form filed on GST portal for claiming the input tax credit by taxpayers newly registered under GST (or) opting for normal scheme from composition scheme (or) their outward supplies becoming taxable from exempted.                                                                                                                                                                                                                                                                                                                                                                                            |
| 35 | C | 1) In case of death of sole proprietor if the business is continued by any person being transferee or successor, the input tax credit which remains unutilised in the electronic credit ledger is not allowed to be transferred to transferee – This statement is incorrect, as the transferee can avail ITC.<br><br>2) Input tax credit shall be available to the supplier of the inputs, input services and capital goods to the extent they are used in relation to the gift or free samples distributed without any consideration – This statement is incorrect, as goods purchased and distributed as gifts or free samples is blocked ITC, |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | 3) If activity of distribution of gifts or free samples falls within the scope of supply on account of provision contained in Schedule I of the said Act, the supplier would be eligible to avail ITC - This statement is correct, even though it is blocked ITC but if such gifts or free samples constitutes supply, then ITC available .                                                                                                                                                                                                                                                                                                                                                                                              |
| 36 | A | ITC availed in GSTR - 3B should be reflected in GSTR - 2B, which is generated by portal based on GSTR -1 filed by the respective suppliers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 37 | C | <p>1) Principal is entitled to take ITC even though goods are not received by him but goods are received by his job worker - True, under the concept of deemed delivery</p> <p>2) In case of switch over from regular scheme to composition scheme, ITC is fully restricted - True, as per Sec. 18(4)</p> <p>3) Compliance of the provisions of Sec. 17(2) regarding restriction of credits relatable to exempt supplies is mandatory to a banking company/FI engaged in accepting deposits or extending loans - False, they have an option to avail 50% of eligible ITC</p> <p>4) Goods are termed as capital goods only if it is capitalised in the books of the registered person - True, as per the definition of capital goods.</p> |
| 38 | D | <p>In case of goods received in lots or instalment against a single invoice, ITC can be availed only on receipt of last lot or instalment.</p> <p>In the present case products are received as a separate order so ITC can avail proportionate to the goods received on every order. (No information about single invoice)</p>                                                                                                                                                                                                                                                                                                                                                                                                           |

| 39                    | D         | As per Sec. 21, Where the Input Service Distributor distributes the credit in contravention of the provisions contained in sec. 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest                                                                                                                                                                                                                                                                                                                                                                                                                      |             |       |       |                       |         |         |                |         |   |                     |           |           |              |          |          |       |           |           |
|-----------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------|-------|-----------------------|---------|---------|----------------|---------|---|---------------------|-----------|-----------|--------------|----------|----------|-------|-----------|-----------|
| 40                    | A         | Disposal of machinery on which ITC not availed, without consideration is not a supply and consequently, GST not payable on the same. However in case of supply in territorial waters, the nearest coastal state is taken as the place of supply. So the nearest coastal state is Maharashtra and it will be intra state supply and chargeable to CGST & SGST of 9% each. Therefore the liability is CGST: ₹ 4,50,000 and SGST ₹ 4,50,000 and IGST: Nil                                                                                                                                                                                                                                                                               |             |       |       |                       |         |         |                |         |   |                     |           |           |              |          |          |       |           |           |
| 41                    | A         | <p>Value of asset for the purpose of apportionment of ITC in case of demerger to include value of entire asset of the business, Whether or not ITC has been availed thereon. Therefore the value of Asset to be considered for the apportionment of ITC.</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>A Ltd</th><th>B Ltd</th></tr> </thead> <tbody> <tr> <td>furniture and fixture</td><td>500,000</td><td>500,000</td></tr> <tr> <td>motor vehicles</td><td>500,000</td><td>0</td></tr> <tr> <td>plant and machinery</td><td>10,00,000</td><td>10,00,000</td></tr> <tr> <td>other assets</td><td>5,00,000</td><td>5,00,000</td></tr> <tr> <td>Total</td><td>25,00,000</td><td>20,00,000</td></tr> </tbody> </table> | Particulars | A Ltd | B Ltd | furniture and fixture | 500,000 | 500,000 | motor vehicles | 500,000 | 0 | plant and machinery | 10,00,000 | 10,00,000 | other assets | 5,00,000 | 5,00,000 | Total | 25,00,000 | 20,00,000 |
| Particulars           | A Ltd     | B Ltd                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |             |       |       |                       |         |         |                |         |   |                     |           |           |              |          |          |       |           |           |
| furniture and fixture | 500,000   | 500,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |       |       |                       |         |         |                |         |   |                     |           |           |              |          |          |       |           |           |
| motor vehicles        | 500,000   | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |             |       |       |                       |         |         |                |         |   |                     |           |           |              |          |          |       |           |           |
| plant and machinery   | 10,00,000 | 10,00,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |       |       |                       |         |         |                |         |   |                     |           |           |              |          |          |       |           |           |
| other assets          | 5,00,000  | 5,00,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |             |       |       |                       |         |         |                |         |   |                     |           |           |              |          |          |       |           |           |
| Total                 | 25,00,000 | 20,00,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |       |       |                       |         |         |                |         |   |                     |           |           |              |          |          |       |           |           |

**N O T E S**

|             |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |             |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|-------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------|---------|------|--------------------------|--|-------|-------|----------------------|--------|--|--|------------------------------------------|-------|--|--|-------------------|--------|--------|--------|-------------------------------------|--|---------|---------|-----------------------------------------------|--------|--|--|-------------|-------|------|---|
| 42          | D     | As A is not making the export under LUT he need to pay GST on all the supply made by him.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|             |       | <table><tr><td>Particulars</td><td>IGST</td><td>CGST</td><td>SGST</td></tr><tr><td>Sales within the State -</td><td></td><td>18000</td><td>18000</td></tr><tr><td>Exports out of India</td><td>10,800</td><td></td><td></td></tr><tr><td>Supplies to SEZ located within the State</td><td>7,200</td><td></td><td></td></tr><tr><td>Total GST Payable</td><td>18,000</td><td>18,000</td><td>18,000</td></tr><tr><td>Utilization of CGST and SGST Credit</td><td></td><td>(10000)</td><td>(18000)</td></tr><tr><td>Utilization of SGST credit for IGST liability</td><td>(2000)</td><td></td><td></td></tr><tr><td>Net Payable</td><td>16000</td><td>8000</td><td>0</td></tr></table> | Particulars | IGST    | CGST    | SGST | Sales within the State - |  | 18000 | 18000 | Exports out of India | 10,800 |  |  | Supplies to SEZ located within the State | 7,200 |  |  | Total GST Payable | 18,000 | 18,000 | 18,000 | Utilization of CGST and SGST Credit |  | (10000) | (18000) | Utilization of SGST credit for IGST liability | (2000) |  |  | Net Payable | 16000 | 8000 | 0 |
|             |       | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | IGST        | CGST    | SGST    |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|             |       | Sales within the State -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             | 18000   | 18000   |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|             |       | Exports out of India                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10,800      |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|             |       | Supplies to SEZ located within the State                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 7,200       |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|             |       | Total GST Payable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 18,000      | 18,000  | 18,000  |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|             |       | Utilization of CGST and SGST Credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |             | (10000) | (18000) |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|             |       | Utilization of SGST credit for IGST liability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (2000)      |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
| Net Payable | 16000 | 8000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0           |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
|             | A     | As per the proviso to the section 16 of CGST Act 2017 Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in such manner as may be prescribed. Option A is correct.                                                                       |             |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
| 44          | A     | In case of death of sole propreitor, legal heir can continue the business by making application for new registration in his name and can also file FORM ITC 02 for transfer of ITC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |             |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |
| 45          | D     | As per the section 20 ISD has to distribute the common credit to all the distinct person on the basis of the turnover of the previouyear or previous quarter or month as the case may be. As the GST is payable under RCM they need to get separte registration as regular tax payer.                                                                                                                                                                                                                                                                                                                                                                                               |             |         |         |      |                          |  |       |       |                      |        |  |  |                                          |       |  |  |                   |        |        |        |                                     |  |         |         |                                               |        |  |  |             |       |      |   |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 46 | D | As the entire software service has be utilised by the Mumbai branch the credit has to be entirely distributed to the Mumbai and the credit should be distributed as IGST as the ISD registration and the Branch registration are on the different state. Total credit is $25000+25000 = 50000$ .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 47 | A | <p>Total eligible credit <math>20000+5000+18000+200000+36000+16000 = 2,95,000</math></p> <p>Explanation</p> <ol style="list-style-type: none"> <li>1. Purchase of mobile phones for employees to be used for business purposes - ₹ 20,000 - Eligible credit</li> <li>2. Taxes paid on telephone expenses - ₹ 5,000 -Eligible credit</li> <li>3. Taxes paid on security services availed by registered person for his factory - ₹ 18,000 -Eligible credit</li> <li>4. Motor vehicle purchased for employees to be used for personal as well as business purposes - ₹ 1,50,000 -Ineligible credit under 17(5)</li> <li>5. Motor vehicle purchased for transportation of goods within the factory of registered person - ₹ 2,00,000- Eligible credit</li> <li>6. Taxes paid on food expenses incurred by registered person for his employees - ₹ 2,000 -Ineligible credit under 17(5)</li> <li>7. Rent-a-cab facility given to employees as it is obligatory for the employer to provide it under an applicable law - ₹ 36,000 -Eligible credit</li> <li>8. Taxes paid on purchase of cement and other material for renovation of the office room (not capitalised) - ₹ 16,000 -Eligible credit</li> </ol> |
| 48 | C | Legal services taxable under RCM is exempted supply for availment of ITC Renting of immovable property is taxable supply Interest on loans even though exempted supply for payment of GST but for availment of ITC it is treated as taxable supply                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 49 | D | <p>i) Goods received within 1 year from the date of receipt by job worker</p> <p>ii) Goods not received within 1 year from the date of receipt by job worker - Treated as supply and GST payable is ₹ 24,000</p> <p>iii) Goods not received within 1 year from the date of receipt by job worker - Treated as supply and GST payable is ₹ 96,000</p> <p>iv) Goods received within 1 year from the date of receipt by job worker</p> <p>v) Goods not received within 1 year from the date of receipt by job worker - Treated as supply and GST payable is ₹ 42,000. Therefore, total GST payable is ₹ 1,62,000 plus applicable interest @ 18%</p> |
| 50 | B | <p>As per Sec. 18(3) Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed. [As per GST Portal there is a restriction that transferor and transferee should be in the same state.]</p>                                        |
| 51 | A | <p>motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used for making the following taxable supplies, are treated as blocked ITC (A) further supply of such motor vehicles; or (B) transportation of passengers; or (C) imparting training on driving such motor vehicles; Note: Further supply includes renting of motor vehicles</p>                                                                                                                                                                                                 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 52 | A | <ol style="list-style-type: none"> <li>1. As invoice is missing ITC not available</li> <li>2. Machine tools ITC available = ₹ 18,000</li> <li>3. ITC can be availed only on receipt of last lot. Therefore, ITC not available</li> <li>4. Tax consultancy, ITC available = ₹ 7,200</li> <li>5. ITC not available as depreciation computed on tax component</li> <li>6. Heating system for canteen, ITC available = ₹ 28,000</li> <li>7. Corporate membership, is blocked ITC, Total available ITC = ₹ 53,200</li> </ol> |
| 53 | C | <p>As per the section 15(2)(b) Value of supply should include the, recipient incurred certain expenses which otherwise supplier was supposed to incur for providing service under contract. But as the recipient has incurred the same the payment adjusted to that extent will be treated as the payment and not required to reverse the ITC.</p>                                                                                                                                                                      |
| 54 | D | <p>As per Sec. 17(5), motor vehicles other than for transportation of persons, vessels and aircrafts are not blocked ITC. Therefore, ITC available in all cases.</p>                                                                                                                                                                                                                                                                                                                                                    |
| 55 | B | <p>11,00,000<br/>Admissible ITC = ₹ 11,00,000 (i.e., 9,00,000 + 2,00,000)<br/>[* Preassumed details of ITC given is of exclusive inputs/capital goods/input services and not of common goods or services]</p>                                                                                                                                                                                                                                                                                                           |
| 56 | C | <p>Yes, such unutilized credit shall be transferred to CA Prem Kumar who has succeeded into the business and Sec 18(3) read with Rule 41 shall be applicable for such succession as they apply in case of transfer of business by some transferor to transferee.</p>                                                                                                                                                                                                                                                    |
| 57 | C | <p>In order to avail the Input tax credit by the recipient. ITC should be eligible ITC as per the section 16. Recipient should hold the Invoice and the same should be communicated to the recipient in GSTR 2B and it should be matched credit.</p>                                                                                                                                                                                                                                                                    |

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|    | C | In the given case there is no invoice raised by the X Ltd and paid the liability after the detainment of good by the officer so the ITC is not admissible.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 58 | C | Where any registered person who has availed of input tax credit opts to pay tax or; b. where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption & the details should be furnished in FORM GST ITC 03.                                                                             |
| 59 | c | <p>(i) As the construction expenditure is not charged to P&amp;L, it is blocked ITC and the given statement is true</p> <p>(ii) Pipelines laid outside the factory is only excluded from plant and machinery but not pipelines laid inside the factory, therefore ITC available and the given statement is false</p> <p>(iii) Motor car purchased and giving it on hire falls under further supply and ITC available on such motor car purchased and the given statement is True</p> <p>(iv) ITC available as inward supply is part or component of taxable mixed outward supply and the given statement is false (Admission to wild life sanctuary is exempted but hiring of jeep is taxable and it is for a single price, so falls under mixed supply)</p> |



# EXEMPTION AND CHARGE

## Question .1

Mr. Palliwal Desai, a registered practicing Chartered Accountant, located in Jaipur, in the State of Rajasthan, is providing professional and consultancy services to its various clients from his proprietorship firm. He has taken some professional consultancy services for his client from abroad from a UK CPA firm in which his brother is a partner. He has not paid any consideration for the same. Such services would have been taxable @ 18% (9% under CGST + 9% under SGST and 18% under IGST), had they been received in India. Also, Mr. Palliwal Desai would have paid ₹ 4.00 Lakh, had his brother would not have been a partner in the UK firm. State the liability of Mr. Palliwal Desai, under CGST/ IGST Act, 2017, out of the following options-

- (A) ₹ 72,000/- as Integrated Tax
- (B) CGST ₹ 36,000/- & SGST ₹ 36,000/-, since POS is in India
- (C) Nil, since the said activity is not a supply
- (D) Nil, since such services are exempt

## Question .2

Local Authority does not include

- (A) A Panchayat
- (B) A Cantonment Board
- (C) Municipality and Municipal Committee
- (D) State Government

## Question .3

Shree Ram Seva Trust is a charitable institution registered under section 12AA of the Income-tax Act, 1961. It has organized a skill development programme relating to persons over the age of 65 years residing in a well-planned city, in the month of April. It has received following amounts under the programme: Subscription fees for the programme ₹ 50,000; Sponsorship fees ₹ 1,00,000; Consideration for supply of goods ₹ 3,00,000; Besides, the trust has received the donations of ₹ 2,00,000 in April. Hanuman, accountant of Shree Ram Seva Trust, is not able to determine the taxability of the above amounts received under GST law. He seeks your expertise in determining the same. Determine the value of taxable supply of Shree Ram Seva Trust, for the month of April.

- (A) Nil
- (B) 6,50,000
- (C) 6,00,000
- (D) 4,50,000

## Question .4

Which of the following statements is true?

1. Services provided by Government ITIs to individual trainees are exempt from GST.
  2. Services provided by the State Governments and private service providers by way of transportation of patients in ambulance are exempt from GST.
  3. Services of renting of shops in a hospital are exempt from GST being health care services.
  4. Services provided by Police to PSUs are taxable.
- (A) 1, 2 & 4.
  - (B) 2, 3 & 4.
  - (C) 3 & 4.
  - (D) 1, 2, 3 & 4.

## Question .5

Which one of the following is exempted from GST?

- (A) Any business exhibition
- (B) A business exhibition in India
- (C) A business exhibition outside India
- (D) None of the above

## Question .6

Which of the following activities are not exempt from GST?

- (i) Religious pilgrimage organised by Todarmal Charitable Trust.
  - (ii) Services provided by a business facilitator to an insurance company in an urban area
  - (iii) Milling of paddy into rice.
- (A) (i), (ii)
  - (B) (i), (iii)
  - (C) (ii), (iii)
  - (D) (i), (ii), (iii)

## Question .7

Mr. Happy Singh is a resident of Chandigarh. The marriage of his daughter, Khushi Kaur, has been finalized with Mr. Lovely Singh, a NRI settled in Canada. The marriage is scheduled on 14th February in Chandigarh. Mr. Happy Singh wants to send 5,000 marriage invitation cards to all his relatives and friends to attend the marriage. He has to send the invitation by speed post. He is not sure about the taxability of speed post services under GST regime. He seeks your help in determining the applicability of GST on speed post. Choose the correct option.

- (A) GST payable
- (B) Non-taxable
- (C) Exempt
- (D) None of the above

Question .8 

Mr. Kumar is the Managing Director of Khiladi Equipments (P) Ltd. The company is located and registered under GST in Mumbai, Maharashtra. Mr. Kumar has decided to send food grains and other relief materials worth ₹ 50,00,000 and ₹ 20,00,000 through railway and airways respectively, to the cyclone hit victims in Kerala in the month of November. The company has contacted Super Airlines and Indian Railways to transport answer the materials from Mumbai to Kerala and price for the same has been determined as ₹ 10,00,000 by air and ₹ 50,000 by railways excluding taxes. Mr. Kumar seeks your help to determine what is the amount of GST payable by Super Airlines and Indian Railways, if applicable GST rate is 18% and the amounts given above are exclusive of GST, wherever applicable.

- (A) Super Airlines: ₹ 1,80,000; Indian Railways: Nil
- (B) Super Airlines: ₹ 1,80,000; Indian Railways: ₹ 9,000
- (C) Super Airlines: Nil; Indian Railways: ₹ 9,000
- (D) Super Airlines: Nil; Indian Railways: Nil

Question .9 

Mr. Pandey is an ambulance driver who lives in NCT of Delhi. He provides driving services to Preeti Heart and Lung Institute (PHLI) - a super specialty hospital registered under GST in Delhi - for a consideration of ₹ 25,000 per month. Mr. Pandey was instructed to pick up a patient in Gurugram to PHLI. While going from Delhi to Gurugram, he picked up 5 passengers for transportation in the ambulance from Delhi to Gurugram and charged ₹ 500 each from them. You are required to ascertain the taxability of transport services provided by Mr. Pandey in the ambulance from Delhi to Gurugram under the CGST Act, 2017:

- (A) Taxable supply
- (B) Exempt supply
- (C) Not a supply
- (D) None of the above

Question .10 

State which of the following statements is incorrect:

- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than ₹ 150,000 is exempt.
- (ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of ₹ 2,00,000 is exempt.
- (iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto

₹ 2,500 in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.

- (iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is ₹ 2250, is exempt. Your options are-

- (A) (i)
- (B) (ii), (iii)
- (C) (ii), (iii), (iv)
- (D) (i), (ii), (iii), (iv)

Question .11 

The Resident Welfare Association (RWA) of Kutumb Housing Society is registered under GST in the State of Maharashtra. There are 100 three BHK flats and 100 four BHK flats in the society. It received/paid the following amounts (excluding GST, wherever applicable) in the months of January and February: Maintenance charges per flat received from all 3 BHK flat owners- ₹ 7,000. Maintenance charges per flat received from all 4 BHK flat owners- ₹ 10,000. Interest received on the fixed deposit with Dhansukh Bank - ₹ 5,00,000. Generator purchased for the power back-up of 4 BHK flats in february - ₹ 1,00,000. Taps, pipes, other sanitary fittings purchased for 3 BHK flats in January- ₹ 50,000. Determine the net GST liability to be paid for the months of January and February, assuming that the GST rate is 18% on all inward and outward supplies.

- (A) January - ₹ 1,71,000; February - ₹ 1,62,000
- (B) January - ₹ 1,80,000; February - ₹ 1,62,000
- (C) January - ₹ 1,80,000; February - ₹ 1,80,000
- (D) January - ₹ 1,71,000; February - ₹ 1,80,000

Question .12 

Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is ₹ 1,60,000. Such performance is not for promotion of any product/services. Rate of CGST and SGST on such services is 9% each. Assuming the services supplied by him to be intra-State supplies, which of the following statements are true?

- (A) GST liability of Kesar Maharaj is Nil as services provided by him are exempt.
- (B) Kesar Maharaj is liable to pay CGST and SGST of ₹ 14,400 and ₹ 14,400 respectively.
- (C) Kesar Maharaj is liable to pay CGST and SGST of ₹ 900 and ₹ 900 respectively
- (D) None of the above.

Question .13 

Which of the following services provided by Good Health Care Nursing home are not exempt?

- 1) Reiki healing treatment.
  - 2) Plastic surgery conducted to repair cleft lip of a new born baby.
  - 3) Air ambulance services to transport critically ill patients from distant locations to Ayushman Medical Centre.
  - 4) Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease).
  - 5) Alternative medical treatments by way of Ayurveda.
- (A) (1) and (3)  
 (B) (2) and (4)  
 (C) (1)  
 (D) (1), (4) and (5)

Question .14 

Open area in the precincts of a temple has been rented for a marriage for a day. In which of the following cases, such renting is exempt from GST?

- (A) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 9,000.  
 (B) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 11,000.  
 (C) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 14,000.  
 (D) None of these

Question .15 

Which of the following services are covered under Reverse Charge Mechanism of CGST Act, 2017?

- 1) Legal Consultancy
  - 2) Goods Transport Agency
  - 3) Manpower Supply
  - 4) Rent-a-Cab
- (A) (1), (2) & (3)  
 (B) (1), (2) & (4)  
 (C) (2), (3) & (4)  
 (D) All of these

Question .16 

In case of GTA services provided to an Individual not registered under GST and not a business entity, liability to pay GST is on

- (A) Supplier

- (B) Recipient  
 (C) Both  
 (D) Exempted

Question .17 

Rural life insurance services provided by Department of post :

- (A) Taxable & Reverse Charge Mechanism is applicable  
 (B) Taxable & Normal Charge is applicable  
 (C) Exempt from GST  
 (D) Nil Rated

Question .18 

Services by a recovery agent to M/s ZZZ Bank Ltd., are liable for GST in the hands of:

- (A) M/s ZZZ Bank Ltd.  
 (B) Recovery agent  
 (C) Either ZZZ Bank Ltd. or Recovery Agent  
 (D) Exempted

Question .19 

Banking services provided by Department of post

- (B) Taxable & Reverse Charge Mechanism is applicable  
 (B) Taxable & Normal Charge is applicable  
 (C) Exempt from GST  
 (D) Taxable, only if provided to a business entity

Question .20 

Reverse charge is applicable:

- (A) Only on intra-State supplies  
 (B) Only on inter-State supplies  
 (C) Both intra-State and inter-State supplies  
 (D) None of the above

Question .21 

Which one of the following is true?

- (A) Entire income of any trust is exempted from GST  
 (B) Entire income of a registered trust is exempted from GST  
 (C) Incomes from specified/defined charitable activities of a trust are exempted from GST  
 (D) Incomes from specified/defined charitable activities of a registered trust (u/s 12AA of Income Tax Act) are exempted from GST

Question .22 

Select the correct statement?

- (A) Transfer of a going concern wholly is not exempt from GST  
 (B) Transfer of a going concern is partly exempt from GST  
 (C) Transfer partly as going concern is exempted from GST



- ① Transfer of a going concern is exempt from GST

### Question .23

**Service to whom, by way of any activity in relation to any function entrusted to a municipality under Article 243 W of the Constitution, is exempted?**

- ① Central Government or State Government or Union territory or Local authority
- ② Governmental authority
- ③ Government Entity
- ④ All of the above

### Question .24

**Which is a wrong statement?**

- ① All services of Department of Post are exempted
- ② All services by State/Central Governments/local authorities in relation to an aircraft or a vessel in a Port or an Airport are exempted
- ③ All services by State/Central Governments/local authorities in relation to transport of passengers are exempted
- ④ All the above mentioned

### Question .25

**Services to a single residential unit is, exempted if:**

- ① It is pure labour service only
- ② It is works contract only
- ③ It is a part of residential complex only
- ④ It is on ground floor without further super structure

### Question .26

**Which exemption option is right from the following?**

- ① For letting out any immovable property
- ② For letting out any residential dwelling for use as residence
- ③ For letting out any residential property irrespective of its use
- ④ For none of the above

### Question .27

**Services by a hotel, inn, guest house, club or campsite are exempted for residential /lodging purposes**

- ① If the actual tariff for a unit of accommodation is above ₹ 1,000
- ② If the actual tariff for a unit of accommodation is below ₹ 1,000
- ③ If the actual tariff for a unit of accommodation is exactly ₹ 1,000
- ④ None of the above

### Question .28

**Which of the following are exempted services?**

- ① Services by an artist by way of a performance

in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1 lakh

- ② Services by an artist by way of a performance in folk or classical art forms of music/ dance with consideration therefor not exceeding ₹ 1.5 lakh
- ③ Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1.5 lakh
- ④ Services by an artist as a brand ambassador by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1.5 lakh

### Question .29

**Services by a Non-Profit entity (Registered or Unregistered) are exempted**

- ① If they are to its own members provided the contribution received is up to ₹ 7500 , per month from a member
- ② If they are to its own members, provided the contribution received is up to ₹ 7500 per month from a member towards sourcing goods/ services from any third person for common use of members
- ③ If they are to its own members, provided the contribution is less than ₹ 7500 per month from a member towards sourcing goods/ services from any third person for common use of members
- ④ If they are to its own members, provided the contribution is up to ₹ 7500 per month per member for common use specified members

### Question .30

**Services by educational institution is exempted if the services are to**

- ① Any common man
- ② Its own students, faculty / staff
- ③ Both a & b
- ④ None of the above

### Question .31

**Which of the following is not exempted -?**

- ① Health care service to human beings by authorized medical practitioners / para medics
- ② Health care services to Animals/Birds
- ③ Slaughtering of animals
- ④ warehousing of minor forest produce

### Question .32

**Which of the following activity is taxable under GST?**

- (i) Supply of food by a hospital to patients (not



admitted) or their attendants or visitors

- (ii) Transportation of passengers by non-air-conditioned railways.
  - (iii) Services by a brand ambassador by way of folk dance performance which consideration charged is ₹ 1,40,000
  - (iv) Transportation of agriculture produce by air from one place to another place
  - (v) Services by way of loading, unloading, packing, storage or warehousing of rice
  - (vi) Service provided by GTA where consideration charged for transportation of goods for a single carriage is ₹ 900.
- Ⓐ (i), (ii), (vi)
  - Ⓑ (i), (iv), (v)
  - Ⓒ (i), (ii), (iv), (vi)
  - Ⓓ (iv), (v)

#### Question .33

Which of the following is exempted?

- Ⓐ All kinds of long term (30 or more years) leases of industrial plots
- Ⓑ Long term (30 or more years) leases of industrial plots or plots for development of infrastructure for financial business by State Government Industrial Development Corporations or Undertakings to industrial units
- Ⓒ Short term (up to 30 years) leases of industrial plots by State Government Industrial Development Corporations or Undertakings to industrial units
- Ⓓ All kinds of short term (up to 30 years) lease of industrial plots

#### Question .34

If the aggregate turnover of in FY 2019-20 of M/s ABCD Enterprises, Kanchipuram, Tamil Nadu, India was Rs 18 lakh, exemption is available for the following services rendered to ABCD Enterprises -

- Ⓐ Arbitral Tribunal services
- Ⓑ Legal services by firm of advocates
- Ⓒ Legal services by senior advocate
- Ⓓ All of the above

#### Question .35

Core services of which organization is not exempted -

- Ⓐ Services provided by the Insurance Regulatory and Development Authority of India to insurers
- Ⓑ Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors
- Ⓒ Services by Port Trusts of India
- Ⓓ All the above

#### Question .36

Which of the following is exempted -

- Ⓐ Services by way of loading, unloading, packing, storage or warehousing of rice
- Ⓑ Services by way of loading and unloading of jute
- Ⓒ Services by way of packing and storage or warehousing of processed rubber
- Ⓓ None of the above

#### Question .37

Transportation of agricultural produces, milk, salt and food grain including flour, pulses and rice, 'relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap', newspaper or magazines registered with the Registrar of Newspapers - is exempted -

- Ⓐ If it is by a goods transport agency
- Ⓑ If it is by a rail - within India
- Ⓒ If it is by a vessel - within India
- Ⓓ All the above

#### Question .38

Transportation of passengers exempted if -

- Ⓐ It is by air-conditioned stage carriage
- Ⓑ It is by air-conditioned contract carriage
- Ⓒ It is by non-air-conditioned contract carriage for tourism, charter or hire
- Ⓓ None of the above

#### Question .39

Transportation of passengers is exempted -

- Ⓐ In an air-conditioned railway coach
- Ⓑ In a vessel for public tourism purpose between places in India
- Ⓒ In a metered cab/auto rickshaw / e rickshaw
- Ⓓ In all the above mentioned

**N O T E S**

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | C              | Import of services without consideration constitutes, supply only if the same is from a related person. Firm in which Mr. Palliwal Desai's brother is partner, cannot be considered as related person and consequently it is not a supply u/s 7(1)(c).                                                                                                                                                                                                                                                                                                                                                                              |
| 2    | D              | As per Sec. 2(69) "local authority" means--(a) a "Panchayat" (b) a "Municipality" (c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund; (d) a Cantonment Board (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution; (f) a Development Board constituted under article 371 "and article 371J" of the Constitution; or (g) a Regional Council constituted under article 371A of the Constitution; |
| 3    | D              | Charitable activities include skill development to persons over 65 years residing in rural area. However, in the present case they are residing in well-planned city, then the said service is not exempted but taxable. Value of taxable supply = 50,000 + 1,00,000 + 3,00,000 = ₹ 4,50,000. However, donations are not treated as consideration, if it is not conditional donations.                                                                                                                                                                                                                                              |
| 4    | A              | 1) Services provided by Government ITIs to individual trainees are exempt from GST. - True, as ITI's are vocational educational institutions and services provided by them are exempted.                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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|   |   | <p>2) Services provided by the State Governments and private service providers by way of transportation of patients in ambulance are exempt from GST. - True, as ambulance services are exempted, whether provided by Government or private clinical establishments.</p> <p>3) Services of renting of shops in a hospital are exempt from GST being health care services. - False, Renting of shops in a hospital are taxable as the same is not health care services.</p> <p>4) Services provided by Police to PSUs are taxable. - True, as police services are not covered under exemptions w.r.to services provided by Government to business entity.</p> |
| 5 | C | Services provided by an organiser of a business exhibition held outside India are exempted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 6 | D | <p>(i) Taxable - Religious pilgrimage organised by a specified organisation of Government is only exempted</p> <p>(ii) Taxable - Services provided by a business facilitator to Insurance Company in rural area are only exempted.</p> <p>(iii) Taxable - Rice is not an agricultural produce and milling of paddy into rice is not exempted</p>                                                                                                                                                                                                                                                                                                             |
| 7 | A | Speed post services provided by Department of Post are taxable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 8 | A | Super Airlines - Domestic Transportation services w.r.to goods, are always taxable Indian Railways - Transportation of notified goods i.e. relief materials for natural or manmade disasters are exempted.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 9 | A | Only the service provided by way of transportation of a patient in an ambulance is exempted & all other services are taxable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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|    |   | in the give case picking up 5 passengers for transportation in the ambulance from Delhi to Gurugram and charged ₹ 500 each from them.is chargeable to tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |    |   | For the month of January Net GST Payable: ₹ 1,80,000.<br>1 Maintenance charges per flat received from all 3 BHK flat owners is not taxable. Reason: Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution upto an amount of seven thousand five hundred rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex is exempted. 2 Maintenance charges per flat received from all 4 BHK flat owners is taxable $10000 \times 100 \times 18\% = ₹ 1,80,000$<br>3. Interest received on the fixed deposit with Dhansukh Bank of amount ₹ 5,00,000 is exempted not taxable.<br>4 Input tax credit is not eligible on "Taps, pipes, other sanitary fittings purchased for 3 BHK flats" as the outward supply on the 3 BHK are exempted so Input with respect to the 3 BHK are ineligible. For the month of February Net GST Payable: ₹ 1,62,000.<br>1 Maintenance charges per flat received from all 3 BHK flat owners is not taxable.<br>2 Maintenance charges per flat received from all 4 BHK flat owners is taxable $10000 \times 100 \times 18\% = 1,80,000$ .<br>3 Interest received on the fixed deposit with Dhansukh Bank tax of amount 5,00,000 is exempted,<br>4. Input tax credit is eligible on " Generator purchased for the power back-up of 4 BHK flats" as the outward supply on the 4BHK are Taxable. |
| 10 | D | I. The statement is not correct as per the Entry no 78 of Notification 12/2017 :Services by an artist by way of a performance in folk or classical art forms of—(a) music, or (b) Dance, or (c) Theatre, if the consideration charged for such performance is not more than one lakh and fifty thousand rupees: Provided that the exemption shall not apply to service provided by such artist as a brand ambassador.<br>II. The statement is not correct as per the Entry no 36 of Notification 12/2017 :Services of life insurance business provided under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of two lakhs rupees (d) Varishtha Pension Bima Yojana; (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan Dhan Yojana; (g) Pradhan Mantri Vaya Vandan Yojana.<br>III. The statement is not correct. As per the Entry no 34 of Notification 12/2017 :Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand in a single transaction transacted through credit card, debit card, charge card or other payment card service. Explanation.—<br>IV. The statement is not correct. The exemption has been withdrawn from 18-07-2022 as per the notification 4/2022 So Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is ₹ 2250, is Taxable. | 11 | B |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 12 | B | The service is taxable, as Only the consideration with respect to the performance not exceeding 1,50,000 is exempted. Therefore the GST liability is $160,000 \times 9\% = 14,400$ CGST and SGST Respectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| 13 | C | <p>1. Reiki healing treatment is not a recognized system of medicines in India. The same is not exempted</p> <p>2. Plastic surgery conducted to repair cleft lip of a new born baby is covered under the health care service so the same is exempted.</p> <p>3. Air ambulance services to transport critically ill patients from distant locations to Ayushman Medical Centre is exempted as it is covered under the health care service.</p> <p>4. Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease) is exempted which is also a health care service.</p> <p>5. Alternative medical treatments by way of Ayurveda is exempted as Ayurveda is a recognized system of medicines in India.</p> |    |   | (iii) Renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 15 | B | <p>1) Legal consultancy services provided to a business entity is taxable under RCM</p> <p>2) GTA services is taxable under RCM, if they have not opted for FCM</p> <p>3) Manpower supply not covered under RCM (only Security agency covered under RCM)</p> <p>4) Rent-a-Cab is covered under RCM if supplier is other than body corporate, recipient in body corporate and rate of GST is 5%.</p>                                                                                                                                                                                                       |
| 14 | A | <p>As per the notification 12/2017 Services by a person by way of 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 12AA or 12AB of the Income-tax Act, 1961 (herein after referred to as the Income-tax Act) or a trust or an institution registered under sub-clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act: Provided that nothing contained in this exemption shall apply to,—(i) Renting of rooms where charges are one thousand rupees or more per day; (ii) Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day;</p>                                                                                            |    |   | <p>4 Renting of residential property for residential purpose to a registered person.</p> <p>5 Copyright service( Temporary transfer of IPR). 6 GTA services to person other than unregistered individual/HUF/AJP. 7 Government services to business entities. 8 Oversee committee services. 9 TDR/FSI Long term lease of land. 10 Sponsorship Services. 11 Agents services. 12 Insurance services. 13 Recovery Services. 14 Direct selling agent. 15 Business Facilitator. 17 Agent of business correspondent. 18 Legal services. 19. Arbitrator services. 20 Director services. 21 Security Services</p> |
|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 16 | D | In case of GTA services provided to an Individual not registered under GST and not a business entity is exempted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 17 | B | All the service by the department of post are taxable except the service of post card, Inland letter, Envelopes weighing < 10gms. Therefore, Rural life insurance services provided by Department of post is Taxable & it is not covered under RCM                                                                                                                                                                                                                                                                                                                                                        |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18 | A | Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company is covered under RCM                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 19 | B | Banking services provided by Department of post is not exempted with effect from 18.07.2022 & it is not covered under RCM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 20 | C | Charge ability of the RCM is based nature of the service and not based Place of Supply.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 21 | D | Services by an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 (43 of 1961) by way of specified charitable activities are exempted.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 22 | D | Services by way of transfer of a going concern, as a whole or an independent part thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 23 | A | Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution are exempted or Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply is also exempted. |
| 24 | D | a) Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams) is only exempted from GST & all the other services are taxable. b) Services by the Central Government, State Government, Union territory or local authority in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; Only specified services by State/Central Governments                                                                                                                                                          |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|    |   | /local authorities in relation to transport of passengers are exempted.                                                                                                                                                                                                                                                                                                                                         |
| 25 | A | Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex is exempted                                                                                                                                                                                      |
| 26 | B | A) For letting out any immovable property is not true.<br>B) For letting out any residential dwelling for use as residence is exempted – True C) For letting out any residential property irrespective of its use is not true. Only Services by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person is exempted.                 |
| 27 | D | Services by a hotel, inn, guest house, club or campsite are exempted for residential /lodging purposes If the actual tariff for a unit of accommodation is below ₹ 1,000 is exempted [The exemption has been withdrawn so entire amount is taxable].                                                                                                                                                            |
| 28 | C | As per the notification 12/2017 the below mentioned service is exempted. Services by an artist by way of a performance in folk or classical art forms of— (a) music, or (b) dance, or (c) theatre, if the consideration charged for such performance is not more than one lakh and fifty thousand rupees: Provided that the exemption shall not apply to service provided by such artist as a brand ambassador. |
| 29 | B | As per the notification 12/2017 the below mentioned service is exempted :Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution –(a) as a trade union;(b)for the provision of carrying out any activity which is exempt from the levy of Goods and Service Tax; or       |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|    |   | (c) up to an amount of seven thousand five hundred rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.                                                                                                                                                                                                                                                                                                                                                                                        |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 30 | B | <u>As per the Notification 12/2017 the below mentioned service is exempted</u> Services provided—(a) by an educational institution to its students, faculty and staff;                                                                                                                                                                                                                                                                                                                                                                                                                                       |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 31 | C | a. Health care service to human beings by authorized medical practitioners / para medics is exempted specifically.<br>b. Health care services to Animals/Birds is exempted specifically.<br>c. Exemption with respect to the Slaughtering of animals has been withdrawn and it is taxable.<br>d. Warehousing of minor forest produce is specifically Exempted                                                                                                                                                                                                                                                | 33 | B | As per the Notification 12/2017 the below mention service is exempted from GSTUpfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty years, or more of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20 per cent or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area. [Explanation.—For the purpose of this exemption, the Central Government, State Government or Union territory shall have 20 per cent or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.] |
| 32 | C | Exemption:<br>1) Food to patients (not admitted) or their attendants or visitors = restaurant / Catering service - it is not health care service and hence, not exempt vide Entry No. 74 (Circular 32/06/2018-GST)<br>2) Transportation of passengers by non-A/c Railways - exempt vide Entry 17.<br>3) Services by an brand ambassador by way of folk dance performance where consideration charged is 1,40,000 - Not exempt.<br>4) Transportation of agriculture produce by air -not exempt vide Entry No. 18<br>5) Loading, Unloading, packing, storage or warehousing of rice - exempt vide Entry No. 24 | 34 | D | As per the Notification 12/2017 the below mentioned service is exempted Services provided by-an arbitral tribunal to -(i)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 Central Goods and Services Tax Act, 2017 (12 of 2017)<br>(ii) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services 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 Central Goods and Services Tax Act, 2017 (12 of 2017); or                                                                                                                                                                                                                                                      |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | (iii) (c) a senior advocate by way of legal services to- a business entity with an aggregate turnover upto such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)                                                                                                                                                                                                                                                        |
| 35 | D | Services provided by SEBI, IRDA and PTI are not covered under exemptions. Therefore, Services provided by them are taxable.                                                                                                                                                                                                                                                                                                                                                                                                        |
| 36 | A | i) Services by way of loading, unloading, packing, storage or warehousing of rice is specifically exempted<br>ii) Services by way of loading and unloading of jute is not exempted as the jute is not a agricultural product<br>iii) Services by way of packing and storage or warehousing of processed rubber. Processed rubber. is not a agricultural product.                                                                                                                                                                   |
| 37 | D | Transportation of agricultural produces, milk, salt and food grain including flour, pulses and rice, 'relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap', newspaper or magazines registered with the Registrar of Newspapers - is exempted if transported through the specified modes in the question                                                                                                                                                                           |
| 38 | D | <u>Service with respect to the below mentioned items are exempted from GST as per the notification 12/2017.</u> Transport of passengers, with or without accompanied belongings, by—<br>(i) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or (ii) stage carriage other than air-conditioned stage carriage: Provided that nothing contained in items (i) and (ii) above shall apply to services supplied through an electronic |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | commerce operator, and notified under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 39 | C | Service of transportation of passengers, with or without accompanied belongings, by—(a) railways in a class other than—(i) first class; or(ii)an air-conditioned coach;(b)metro, monorail or tramway;(c)inland waterways;(d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and(e) metered cabs or auto rickshaws (including e-rickshaws):[Provided that nothing contained in items (e) above shall apply to services supplied through an electronic commerce operator, and notified under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017] |

**N O T E S**

## COMPOSITION SCHEME

## Question 1



Which of the following persons can opt for the composition scheme under Sec. 10(1),

1. Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh.
  2. Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore.
  3. A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes.
  4. A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa.
  5. A person engaged exclusively in providing restaurant service.
  6. A person engaged exclusively in supply of medicines.
- (A) 1, 2, 3, 5  
 (B) 1, 2, 5, 6  
 (C) 2, 3, 4, 5  
 (D) 3, 4, 5, 6

## Question 2



Grand Foods is engaged in supplying restaurant service in Delhi. In the preceding financial year, it has an aggregate turnover of ₹ 90 lakh from restaurant service and ₹ 10 lakh from supply of farm labour (Exempted Supply) and has earned a bank interest of ₹ 10 lakh (Exempted Supply). Which of the following statements are true in the given case?

- 1) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 90 lakh.
  - 2) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 100 lakh.
  - 3) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 110 lakh.
  - 4) Supply of farm labour and supply of service of extending loans/deposits does not make Grand Foods ineligible for composition scheme under Sec. 10(1).
  - 5) Supply of services other than restaurant service ₹ supply of farm labour and supply of service of extending loans/deposits ₹ by Grand Foods makes it ineligible for composition scheme under Sec. 10(1).
- (A) (1) and (4)  
 (B) (2) and (4)  
 (C) (1) and (5)  
 (D) (3) and (5)

## Question 3



Every tax payer paying tax under section 10 (Composition levy) shall file the return in \_\_\_\_\_

- (A) Form GSTR 4 by 18th of the month succeeding the quarter  
 (B) Form GST CMP 08 by 18th of the month succeeding the quarter  
 (C) Form GSTR 3B by 18th of the succeeding month  
 (D) Form GST CMP 07 by 20th of the month succeeding the quarter

## Question 4



In which of the following cases the person cannot pay tax under composition scheme during the current year?

- (A) He was engaged in the manufacture of goods as notified of section 10, during the preceding financial year but not during the current year.  
 (B) He is engaged in making exempted supplies along with taxable supplies during the current year  
 (C) He is a casual taxable person  
 (D) He is engaged in making interstate supply of goods during the previous year but not doing the current year

## Question 5



The person paying tax under composition scheme can withdraw from the scheme, by filing an application in which form?

- (A) Form GST CMP-01.  
 (B) Form GST CMP-02  
 (C) Form GST CMP-03  
 (D) Form GST CMP-04

## Question 6



At what rate shall a manufacturer be liable to pay GST[CGST+SGST] under composition scheme?

- (A) Half percent of the turnover in the State or Union territory.  
 (B) One percent of the turnover in the State or Union territory.  
 (C) Two percent of the turnover in the State or Union territory.  
 (D) Half percent of the taxable turnover in the State or Union territory

## Question 7



Which of the following persons can opt for composition scheme?

- (A) Person making any supply of goods which are not leviable to tax under this Act;  
 (B) Person making any inter-State outward supplies of goods and services(except restaurant services);  
 (C) Person effecting supply of goods through an



E-commerce operator liable to collect tax at source

- Ⓓ Person providing restaurant services

### Question .8

What will happen if the turnover of a registered person opting to pay taxes under composition scheme during the year 2017-18 crosses threshold limit?

- Ⓐ He can continue under composition scheme till the end of the financial year
- Ⓑ He will be liable to pay tax at normal rates of GST on the entire turnover for the financial year 2017-18
- Ⓒ He will cease to remain under the composition scheme with immediate effect
- Ⓓ He will cease to remain under the composition scheme from the quarter following the quarter in which the aggregate turnover exceeds threshold limit

### Question .9

Which of the following will be excluded from the computation of 'aggregate turnover' for determining the eligibility to opt for composition scheme?

- Ⓐ Supplies of goods chargeable to nil rate
- Ⓑ Supplies of goods chargeable to a rate of GST
- Ⓒ Consideration represented by way of interest or discount on loans
- Ⓓ Non taxable supplies

### Question .10

ABC Ltd. a manufacturer has got itself registered in Delhi on 01.08.2018 in composition scheme. In the month of August, it make supply of taxable goods worth ₹ 3 lakhs and exempted goods worth ₹ 1 lakh. On what value it shall pay the GST to the Government?

- Ⓐ ₹ 1 lakh
- Ⓑ ₹ 3 lakhs
- Ⓒ ₹ 4 lakhs
- Ⓓ ₹ 2 lakhs

### Question .11

Who is not eligible to opt for composition scheme?

- Ⓐ Cotton Manufacturer
- Ⓑ Ice cream manufacturer
- Ⓒ Restaurant service provider
- Ⓓ Ice cream trader

### Question .12

ABC P. Ltd. a registered entity in Delhi in Composition scheme has received order from 4 states as specified below Delhi - ₹ 5 lakhs, Haryana - ₹ 6 lakhs, Rajasthan - ₹ 7 lakhs & Maharashtra - ₹ 2 lakhs respectively. Being a composition dealer,

which order can he accept?

- Ⓐ Delhi
- Ⓑ Haryana
- Ⓒ Rajasthan
- Ⓓ Maharashtra

### Question .13

XYZ P. Ltd. is having a place of business in 3 states namely Haryana, Punjab & Rajasthan each having a turnover of ₹ 20 lakhs, ₹ 60 lakhs, ₹ 80 lakhs respectively. Which state is eligible to opt for composition scheme?

- Ⓐ Haryana
- Ⓑ Punjab
- Ⓒ Rajasthan
- Ⓓ None of the above

### Question .14

In which form the officer shall give notice in case he has reason to believe that the person is not eligible to opt for composition scheme?

- Ⓐ FORM GST CMP 01
- Ⓑ FORM GST CMP 02
- Ⓒ FORM GST CMP 04
- Ⓓ FORM GST CMP 05

### Question .15

Which of the following person cannot opt for composition scheme?

- Ⓐ Mr. A a garment trader having turnover of ₹ 40 lakhs. He further rents out his property and charges ₹ 70,000 per month (Turnover of Mr. A during previous year is ₹ 30 lakhs)
- Ⓑ Mr. B manufacturer of hand bags having turnover upto ₹ 60 lakhs
- Ⓒ Mr. C selling hand bags on behalf of his principal who is compulsorily required to get registered
- Ⓓ None of the above

### Question .16

Calculate the tax to be paid by Mr. Ram, a composition scheme dealer who is involved in trading of garments. Details of his business is as below Purchases = ₹ 3,00,000 (incl. taxes of ₹ 45,762) Cost of products sold = ₹ 7,00,000 Invoice value = ₹ 9,00,000

- Ⓐ ₹ 3000
- Ⓑ ₹ 7000
- Ⓒ ₹ 9000
- Ⓓ ₹ 2542

### Question .17

Will composition scheme supplier make the payment of CGST & SGST in separate heads or shall make one combined payment?

- Ⓐ Yes, pay under separate heads

- (B) No, pay a consolidate amount  
 (C) May be  
 (D) Make payment under IGST

## Question .18



What are the notified goods that have been kept outside the purview of a composition dealer?

- (A) Ice cream and other edible ice, whether or not containing cocoa  
 (B) Pan Masala  
 (C) Tobacco and Manufactured tobacco substitutes  
 (D) All of the above

## Question .19



If the show cause notice has been issued on 15th March 2023, then by when can the tax payer (Composition dealer) submit his reply?

- (A) 14/04/23  
 (B) 14/05/23  
 (C) 30/03/23  
 (D) 13/06/23

## Question .20



Person who wants to opt for composition scheme is required to make intimation in \_\_\_\_

- (A) FORM GST CMP 01  
 (B) FORM GST CMP 02  
 (C) FORM GST CMP 03  
 (D) FORM GST CMP 04

## Question .21



Which of the following statements is not correct for a tax payer who has opted for composition scheme?

- (A) A registered person supplying goods under the composition scheme shall issue a bill of supply  
 (B) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 20th day of each month.  
 (C) A composition dealer shall mention the words "Composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him.  
 (D) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 18th day of the month following each quarter.

## Question .22



Person who wants to opt for composition scheme is required to make intimation at what time frame

- (A) Before commencement of financial year  
 (B) At any time during the financial year  
 (C) Either (A) or (B) depending on the situation  
 (D) None of these

## Question .23



Which of the following statements are incorrect

- (A) Person who breach the conditions for composition scheme should exit from the scheme within 7 days from the date of breach  
 (B) Order passed by proper officer for denial of composition scheme should always be prospective  
 (C) Person opting for composition scheme should file annual return in GSTR 4  
 (D) None of these

## Question .24



A person opting for composition scheme has to file a combination of following

- (A) CMP 01 + ITC 01  
 (B) CMP 02 + ITC 01  
 (C) CMP 04 + ITC 03  
 (D) CMP 02 + ITC 03

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | B              | <p>I. Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh. - As ATO during PY does not exceed 150 lakhs, they can opt for composition scheme</p> <p>II. Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore. -As ATO during PY does not exceed 150 lakhs, they can opt for composition scheme</p> <p>III. A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes. - Manufacturer of notified goods cannot opt for composition scheme</p> <p>IV. A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa. - Manufacturer of notified goods cannot opt for composition scheme</p> <p>V. A person engaged exclusively in providing restaurant service. - Service provider other than engaged in supply of food, cannot opt for composition scheme under Sec. 10(1)</p> <p>VI. A person engaged exclusively in supply of medicines. - Supplier of goods (Whether as a manufacturer or trader can opt for composition scheme)</p> |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | B | <p>Aggregate turnover will be computed on the basis of turnover on an all India basis and will include value of all taxable supplies, exempt supplies and exports made by all persons with same PAN, but would exclude inward supplies under reverse charge as well as GST group (i.e., CGST/SGST/UTGST/IGST/Comp.cess) Interest income will not be considered for calculating aggregate turnover as well as turnover in a state or UT (Applicable only for Composition scheme but not for registration)</p> <ul style="list-style-type: none"> <li>A person who opts to pay tax under Sec. 10(1) may supply services (other than supply of food, of value not exceeding 10% of turnover in a State or Union territory in the preceding Financial Year or ₹ 5,00,000, whichever is higher.</li> <li>While computing this value of services, for determining the limit of 10% of turnover during PY (or) ₹ 5,00,000 whichever is HIGHER, exempted services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.</li> <li>The tax rate applicable for these services is 1% of taxable turnover (i.e., 0.5% CGST &amp; 0.5 % SGST on taxable turnover)</li> </ul> |
| 3 | B | <p>A person opting for composition scheme is required to file a quarterly statement in FORM GST CMP 08 by 18th of the month following every quarter Also, they need to file an annual return in GSTR 4 by 30th April of the next financial year</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | C | <p>A. Manufacturer of notified goods during the current year cannot opt for composition scheme, but not during the previous year. Therefore, the given case they can opt for composition scheme. B. A person making exempted supplies can opt for composition scheme but only a person making non taxable supplies during the current year cannot opt for composition scheme. C. A casual taxable person cannot opt for composition scheme D. Person making interstate supplies during current year cannot opt for composition scheme, but a person making interstate supplies during previous year can opt for composition scheme.</p>                                                                                                                                                                                                                                                                                                                                                   |
| 5 | D | <p>FORM GST CMP 04 is the form to be filed for withdrawal from composition scheme</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 6 | B | <p>Manufacturer opting for composition scheme is required to pay 0.5% CGST and 0.5% SGST on total turnover</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 7 | D | <p>As per the section 10(2) The registered person shall be eligible to opt under Composition Scheme if— (a) save as provided in sub-section (1), he is not engaged in the supply of services (b) he is not engaged in making any supply of goods or services which are not leviable to tax under this Act; (c) he is not engaged in making any inter-State outward supplies of goods or services (d) he is not engaged in making any supply of goods or services] through an electronic commerce operator who is required to collect tax at source under e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council( Ice Cream, Edible Ice Pan Masala, Tobacco products, Aerated waters, bricks and roofing) and (f) he is neither a casual taxable person nor a non-resident taxable person As per the section 10(1) Manufacturer, Trader and restaurant service provider only can opt to pay Tax under composition scheme</p> |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8  | C | As per the section 10(3) The option availed of by a registered person under sub-section (1) or sub-section (2A), as the case may be shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified under sub-section (1) or sub-section (2A), as the case may be.                                                                                                                                                                                                                                                                |
| 9  | C | As per the Explanation 1 to the section 10 For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression "aggregate turnover" shall include the value of supplies made by such person from the 1st day of April of a financial year upto the date when he becomes liable for registration under this Act, but shall not include the 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. |
| 10 | C | For Manufacturers GST is payable on turnover in the state or union territory "turnover in State or turnover in Union territory" shall not include the value of following supplies, namely:— (i)supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and(ii)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.                                                                             |
| 11 | B | Manufacturer of Ice Cream, Edible Ice Pan Masala, Tobacco products, Aerated waters, bricks and roofing are not eligible for composition scheme but trader of the same are eligible for composition scheme.                                                                                                                                                                                                                                                                                                                                                                                 |
| 12 | A | As per the section 10(2) in order to opt for composition scheme it should not make any interstate supply of Goods (or) Services so in order to maintain the composition scheme ABC P. Ltd should make only Intra state supply , ABC P. Ltd should accept only Delhi orders.                                                                                                                                                                                                                                                                                                                |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                             |
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| 13 | D | Aggregate Turnover on All India Basis = 20 lakhs +60 Lakhs +80 Lakhs = 160 Lakhs. As the total turnover in the FY exceeds 150 Lakhs XYZ P Ltd cannot opt for Composition scheme. None of the state are eligible for the composition scheme. Explanation                                                                                                                                                     |
| 14 | D | As per the section 10(5), If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) [or sub-section (2A), as the case may be,] despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the proper officer shall issue notice under FORM GST CMP 05. |
| 15 | A | Person opting for composition Scheme u/s 10(1) can provide services upto 10% of turnover during PY (or) ₹ 5 Lakhs, whichever is Higher. As turnover of Mr. A during PY is ₹ 30 Lakhs, they can provide services upto ₹ 5 lakhs during CY. Renting income is 70,000 x 12 = 8,40,000, which exceeds ₹ 5 Lakhs. Therefore Mr. A cannot opt for Composition Scheme.                                             |
| 16 | C | For Trader GST is payable on Taxable turnover in the state or union territory excluding the supplies from the first day of April of a financial year up to the date when such person becomes liable for registration and Interest form extending deposits loans and advances. Calculation: Total Tax payable under the composition scheme(Both CGST and SGST)= 9,00,000 * 1% = 9,000.                       |
| 17 | A | The person opted for composition scheme is not eligible for making interstate supply of goods hence he has to pay tax under the head CGST and SGST of the respective state in which he as opted for the composition scheme.                                                                                                                                                                                 |
| 18 | D | For a person to opt for the composition scheme,he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council( Ice Cream, Edible Ice, Pan Masala, Tobacco products, Aerated waters, bricks and roofing tiles).                                                                                                                                           |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 19 | C | Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under section 10 or has contravened the provisions of the Act or provisions of this Chapter, he may issue a notice to such person in FORM GST CMP-05 to show cause within fifteen days of the receipt of such notice as to why the option to pay tax under section 10 shall not be denied. Therefore reply to notice is within 15 days from 15/03/23 i.e, within 30/03/23                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 20 | B | Person who is already registered under normal scheme and intending to opt for composition scheme under Sec. 10(1) or 10(2A) should make intimation in the common portal in FORM GST CMP 02                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 21 | B | <p>a) A registered person supplying goods under the composition scheme may issue Bill of supply instead of Tax invoice as per section 31(3)(c). The statement is true.</p> <p>b) As per the rule 62(5) (1) Every registered person paying tax under section 10 shall—(i) furnish a statement, every quarter or, as the case may be, part thereof, containing the details of payment of self-assessed tax in FORM GST CMP-08, till the 18th day of the month succeeding such quarter electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner: The statement is not true.</p> <p>c) As per rule 5 Conditions and restrictions for composition levy, he shall mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him. The statement is true.</p> <p>d) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 18th day of the month following each quarter. As mentioned in the point b) The statement is true.</p> |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                   |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22 | C | Person who is already registered under normal scheme and intending to opt for composition scheme under Sec. 10(1) or 10(2A) should make intimation in the common portal in FORM GST CMP 02 Before commencement of the financial year. However a person getting registered can opt for composition scheme during any time in a financial year by filing FORM REG 01 (Application for Registration) |
| 23 | C | Denial of composition scheme by the proper officer in case of breach of conditions for composition scheme can be prospective or retrospective but not before the date of breach.                                                                                                                                                                                                                  |
| 24 | D | Person opting for composition scheme should make intimation in CMP 02 and need to reverse ITC on closing stock by filing ITC 03                                                                                                                                                                                                                                                                   |

## NOTES

# REGISTRATION

## Question 1

When can a supplier making supplies of services through E-commerce operator as well as directly, opt not to register?

- (A) Always
- (B) When the e-commerce operator is not required to collect tax at source u/s 52
- (C) When the supplier doesn't cross the threshold, limit specified under section 22.
- (D) Option (b) and (c), cumulatively fulfilled

## Question 2

Mr. Chatpat, an agent of Lalji (P) Ltd. is making taxable supply of goods on behalf of Lalji (P) Ltd.. who is having aggregate turnover of ₹ 1.5 crore whereas Mr. Chatpat is having aggregate turnover of ₹ 18 lacs. Whether he is required to

- (A) No, because his turnover is less than ₹ 20 lacs
- (B) Yes, he is compulsorily required to get registered
- (C) He is exempt from taking registration by way of notification
- (D) He can voluntarily apply for registration

## Question 3

When there is any change in particular of application of registration then registered person shall inform such change in how many days?

- (A) within fifteen days of such change
- (B) within twenty days of such change
- (C) within fifteen working days of such change
- (D) within thirty working days of such change

## Question 4

Application for registration by non-resident taxable person shall be?

- (A) GST REG-10
- (B) GST REG-09
- (C) GST REG-01
- (D) GST REG-11

## Question 5

What is the threshold limit for registration in the special category states?

- (A) Eleven Lakh Rupees
- (B) Twenty Lakh Rupees
- (C) Ten Lakh Rupees
- (D) Fifteen Lakh Rupees

## Question 6

Certificate of registration is issued in which form?

- (A) Form GST REG-06
- (B) Form GST REG-02

- (C) Form GST REG-03
- (D) Form GST REG-05

## Question 7

When an application for registration has been submitted by the applicant after the expiry of thirty days from the date of his becoming liable to registration, the effective date of registration shall be:

- (A) Date of grant of registration
- (B) Date of application for registration
- (C) Within three working days from the date of submission of the application
- (D) Within seven working days from the date of submission of application

## Question 8

Section 24 of the CGST Act, 2017 requires certain categories of persons who would require compulsory registration irrespective of threshold limit of turnover for obtaining registration. Mr. A has following 4 business ideas in mind, which one of them would not require him to obtain compulsory registration as per Section 24.

- (A) Mr. A wants to trade in electronic components, where his area of supply would be majorly outside the State.
- (B) Mr. A would like to carry on business relating to electronic commerce operator.
- (C) Mr. A would like to trade in general items within the same State and his monthly turnover may go upto ₹ 1 lakh. He will receive services from a goods transport agency for delivery of goods where he would be liable to pay tax under reverse charge.
- (D) Mr. A is a qualified engineer and has recently left his job. He intends to become practitioner. He estimates his monthly receipts to be INR 1,50,000. There is no other income accruing to him.

## Question 9

How the aggregate turnover of ₹ 20 Lakh is calculated?

- (A) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person having same PAN computed on all India basis
- (B) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person computed for each state separately.
- (C) Aggregate value of all taxable intrastate supplies,

export of goods/services and exempt supplies of a person having same PAN computed for each state separately.

- Ⓓ Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person having same PAN computed on all India Basis basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;

#### Question .10

**Within how many days a person should apply for registration?**

- Ⓐ Within 60 days from the date he becomes liable for registration.  
 Ⓑ Within 30 days from the date he becomes liable for registration.  
 Ⓒ No Time Limit  
 Ⓓ Within 90 days from the date he becomes liable for registration.

#### Question .11

**What is the validity of the registration certificate issued to casual taxable person and non-resident taxable person?**

- Ⓐ 90 days from the effective date of registration  
 Ⓐ Period specified in the application for registration  
 Ⓒ Earliest of (A) or (b) above  
 Ⓓ 180 days from the effective date of registration.

#### Question .12

**Which of the following requires amendment in the registration certificate?**

- Ⓐ Change of name of the registered person  
 Ⓑ Change in constitution of the registered person  
 Ⓒ Addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for the day to day affairs of the business  
 Ⓓ All of the above

#### Question .13

**Within how many days an application for revocation of cancellation of registration can be made? (without any extension)**

- Ⓐ Within 30 days from the date of service of the cancellation order.  
 Ⓑ Within 60 days from the date of issue of the cancellation order.  
 Ⓒ Within 45 days from the date of issue of the cancellation order.  
 Ⓓ Within 90 days from the date of order of the cancellation order.

#### Question .14

**Under what circumstances physical verification of business premises is mandatory?**

- Ⓐ Physical verification of business premises is a discretionary power of proper officer.  
 Ⓑ Even after Successful Aadhaar Authentication through Aadhaar, based on risk parameters requires site verification.  
 Ⓒ If Fails to authenticate via Aadhar OTP within 15 days, application is deemed to be submitted on expiry of 15 days Officer will conduct Physical verification of place of business with 30 days of Application  
 Ⓓ All of the above.

#### Question .15

**The application for registration after being examined by the proper officer, if the same are found to be in order, approve the grant of registration to the applicant, within \_\_\_\_\_ from the date of submission of application.**

- Ⓐ 3 working days  
 Ⓑ 5 working days  
 Ⓒ 7 working days  
 Ⓓ 10 working days

#### Question .16

**Mr. A of Delhi till date is only engaged in making exports and supplies to SEZ units. His aggregate turnover is ₹ 15 lakhs. Is Mr. A liable to registration in GST?**

- Ⓐ No, as threshold limit is not crossed  
 Ⓑ Yes, as the value of supply has exceeded ₹ 10 lakhs  
 Ⓒ Yes, since it is an inter state supply  
 Ⓓ None of the above

#### Question .17

**Mr. A is having 3 offices in Delhi and engaged in garments trading. Can he apply for separate registration for each of such places?**

- Ⓐ No, because there are no different business verticals  
 Ⓑ No, as he is not having business in multiple states  
 Ⓒ Yes, he can apply for separate registrations  
 Ⓓ No, as he is not having business in multiple places in the same state

#### Question .18

**ABC, is a SEZ situated in Noida, UP. It wants to set up another SEZ in Lucknow, UP. Which of the SEZ needs to be registered in GST?**

- Ⓐ SEZ in Noida  
 Ⓑ SEZ in Lucknow  
 Ⓒ Both SEZ needs to be separately registered

- Ⓓ Both SEZ shall operate in a single registration

### Question .19

Mr. A, a registered person in Delhi wants to participate in exhibition which is to be held in Mumbai. What kind of registration he shall obtain?

- Ⓐ Registration as a Non Resident taxable person  
Ⓑ Registration as a casual taxable person  
Ⓒ Registration as a regular person  
Ⓓ Either (b) or (c)

### Question .20

In case of job work, once the work is being completed, the value of the goods supplied from job workers premises to a buyer, shall be included in the turnover of \_\_\_\_\_

- Ⓐ Principal  
Ⓑ Job worker  
Ⓒ Both (A) and (b)  
Ⓓ Either (A) or (b)

### Question .21

The proper officer may cancel the registration of taxable person from such date, as he may deem fit, in case where a person paying tax under composition scheme has not furnished returns for \_\_\_\_\_

- Ⓐ 3 Consecutive tax periods  
Ⓑ Beyond 3 months from the due date  
Ⓒ 5 Consecutive tax periods  
Ⓓ 6 Consecutive tax periods

### Question .22

What is the responsibility of the taxable person making supplies to UN bodies?

- Ⓐ To mention UIN number on the invoices and treat such supplies as B2B  
Ⓑ To upload invoices in the website of such UN body  
Ⓒ To treat supply as export  
Ⓓ None of these

### Question .23

A registered person can make application for revocation of cancellation of registration in \_\_\_\_\_

- Ⓐ FORM GST REG 20  
Ⓑ FORM GST REG 21  
Ⓒ FORM GST REG 22  
Ⓓ FORM GST REG 23

### Question .24

In case where a person makes supply from multiple states and his aggregate turnover exceeds threshold limit, he has to get registered

- Ⓐ In all those states

- Ⓑ In only one state where turnover is greater than threshold limit  
Ⓒ In all those states having taxable turnover  
Ⓓ In any one of the states

### Question .25

Mr. Anil a registered person makes taxable supply from multiple states and has following turnover, Delhi - ₹ 50 lakhs, Haryana - ₹ 10 lakhs. Mr. Anil ask for advice where to get registration under GST?

- Ⓐ Delhi  
Ⓑ Haryana  
Ⓒ Both (A) and (b)  
Ⓓ Either (A) or (b)

### Question .26

All commission agents require mandatory registration under GST?

- Ⓐ No, they are required to register only when aggregate turnover exceeds ₹ 20 lakhs  
Ⓑ Yes, if they are making supplies on behalf of principal and aggregate turnover of principal exceeds ₹ 20 lakhs  
Ⓒ Yes, if they are making supplies on behalf of principal irrespective of their turnover and principals turnover  
Ⓓ No, only the principal is compulsorily required to get registered, as for all the acts of agent principal is responsible

### Question .27

Which of the following persons has to make compulsory registration under GST?

- Ⓐ A Ltd. (Telecom Operator) registered in Tamil Nadu is making inter state supplies  
Ⓑ Casual taxable person selling handicrafts  
Ⓒ Supplier making supply of notified services through E Commerce Operator  
Ⓓ X Ltd. importing OIDAR Services

### Question .28

Mrs Reena is a consultant. She has provided the following details relating to services provided and received by her:

- Supply of management consultancy services for ₹ 500,000/- p.a.
  - Supply of accounting services for ₹ 200,000/- p.a.
  - Renting of immovable property for residential purposes for ₹ 10,000/- p.m.
  - Management consultancy services provided to a hospital for ₹ 50,000/- one time
  - Services provided to a client outside India for ₹ 50,000/- p.m.
  - Services received from a lawyer for ₹ 100,000/- Calculate her aggregate turnover for a year under GST.
- Ⓐ ₹ 9,10,000



- (B) ₹ 15,70,000  
 (C) ₹ 14,70,000  
 (D) ₹ 8,20,000

### Question .29

Avtaar Enterprises, Kanpur started trading in ayurvedic medicines from July 1, 20XX. Its turnover exceeded ₹ 20 lakh on October 3, 20XX. The firm applied for registration on October 31, 20XX and was issued registration certificate on November 5, 20XX. Can any revised invoice be issued in the given scenario? If the answer to the first question is in affirmative, determine the period for which the revised invoices can be issued as also the last date upto which the same can be issued.

- (A) Revised invoice cannot be issued in the given case.  
 (B) Revised invoices can be issued for supplies made between October 3, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 5, 20XX.  
 (C) Revised invoices can be issued for supplies made between October 31, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 31, 20XX.  
 (D) Revised invoices can be issued for supplies made between July 1, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 31, 20XX.

### Question .30

Which one of the following cannot be a reason for cancellation of registration?

- (A) There is a change in the constitution of business from partnership firm to proprietorship.  
 (B) The business has been discontinued.  
 (C) A composition taxpayer has not furnished annual return within 3 months after due date.  
 (D) A registered person, other than composition taxpayer, has not furnished returns for three consecutive tax periods.

**N O T E S**

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | C              | Person making supply of service through an E Commerce Operator is required to get registered as and when their aggregate turnover exceeds threshold limit for registration.                                                                                                                                                                                                                                                                    |
| 2    | B              | As per Sec. 24 of CGST Act, an agent making supply on behalf of principal is compulsorily is required to get registered.                                                                                                                                                                                                                                                                                                                       |
| 3    | A              | As per Sec. 28 of CGST Act, An application for amendment in registration is to be made within 15 days from the date of change.                                                                                                                                                                                                                                                                                                                 |
| 4    | B              | To apply for GST registration as a non-resident taxable person, an application must be submitted in FORM GST REG-09. GST registration is PAN based for regular taxpayers. However, in the case of non-resident taxable persons, the GST registration application can be submitted with a tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available. |
| 5    | C              | The applicable threshold limit for registration is ₹ 10 lakhs in case of supplies made from special category states i.e., Manipur, Mizoram, Tripura and Nagaland.                                                                                                                                                                                                                                                                              |
| 6    | A              | Certificate for registration is granted in FORM GST REG 06                                                                                                                                                                                                                                                                                                                                                                                     |
| 7    | A              | Effective date of registration is the date of certificate of registration, if application for registration is not made within 30 days from the date they are liable to get registered.                                                                                                                                                                                                                                                         |
| 8    | D              | a) In case of inter state supplies, compulsory registration is applicable.                                                                                                                                                                                                                                                                                                                                                                     |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | <p>b) E commerce operator is compulsorily required to get registered</p> <p>c) A person liable to pay GST under RCM is also compulsorily required to get registered</p> <p>d) A service provider is required to get registered if their ATO exceeds 20 lakhs. As engineer's aggregate turnover does not exceed 20 lakhs they are not required to get registered</p>                                                                                    |
| 9  | D | As per Sec. 2(6) "aggregate turnover" means the aggregate value of 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, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess; |
| 10 | B | As per Sec. 25 of CGST Act, a person should make application for registration within 30 days from the date, they are liable to get registered.                                                                                                                                                                                                                                                                                                         |
| 11 | C | As per Sec. 27, the certificate of registration issued to a casual taxable person or a nonresident taxable person shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier                                                                                                                                                                             |
| 12 | D | As per Sec. 28, any change in particulars submitted in the application for registration, requires amendment in registration. 1. Change in name 2. Change in address 3. Change in authorised signatory, partners, karta etc., 4. Change in bank details 5. Change in mobile number 6. Change in email ID 7. Change in goods or services in the business                                                                                                 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 13 | D | As per Section 30, A registered person, whose registration is cancelled by the proper officer on his own motion, may submit an application for revocation of cancellation of registration, to such proper officer, within a period of thirty days from the date of the service of the order of cancellation of registration. The above period of 90 days can be extended for a further period of 90 days by additional or joint commissioner and for a further period of 30 days by commissioner. |
| 14 | D | Where the proper officer is satisfied that the physical verification of the place of business of a person is required due to failure of Aadhaar authentication "or due to not opting for Aadhaar authentication" before the grant of registration, or due to any other reason after the grant of registration, he may get such verification of the place of business, in the presence of the said person.                                                                                         |
| 15 | C | The application shall be forwarded to the proper officer who shall examine the application and the accompanying documents and if the same are found to be in order, approve the grant of registration to the applicant within a period of "seven" working days from the date of submission of the application.                                                                                                                                                                                    |
| 16 | C | Exports and supplies to SEZ are deemed interstate supplies and they are compulsorily required to get registered as per Sec. 24.                                                                                                                                                                                                                                                                                                                                                                   |
| 17 | C | A person seeking registration under this Act shall be granted a single registration in a State or Union territory: Provided that a person having multiple places of business in a State or Union territory may be granted a separate registration for each such place of business, subject to such conditions as may be prescribed.                                                                                                                                                               |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18 | C | A person having a unit, as defined in the Special Economic Zones Act, 2005, in a Special Economic Zone or being a Special Economic Zone developer shall have to apply for a separate registration, as distinct from his place of business located outside the Special Economic Zone in the same State or Union territory.                                                                                                                                                                                      |
| 19 | D | Mr. A can either obtain registration as a casual taxable person or normal registration in Mumbai, Maharashtra.                                                                                                                                                                                                                                                                                                                                                                                                 |
| 20 | A | the supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in Sec. 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker                                                                                                                                                                                                                                       |
| 21 | B | <p>Suo-moto cancellation by officer:</p> <ol style="list-style-type: none"> <li>1. Contravention of provisions of Act or Rules</li> <li>2. Person opting for composition scheme not filed annual return within 3 months after due date</li> <li>3. Registered person (other than above) has not filed returns for 6 consecutive months or 2 consecutive quarters.</li> <li>4. Registration obtained by fraud</li> <li>5. Obtained voluntary registration and not commenced business within 6 months</li> </ol> |
| 22 | A | As UIN holder is required to avail refund of GST paid on inward supplies, the supplier making supply to UIN holder is required to mention UIN in the invoice and treat it as B2B supplies in GSTR 1.                                                                                                                                                                                                                                                                                                           |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23 | B | A registered person, whose registration is cancelled by the proper officer on his own motion subject to the provisions of rule 10B, may submit an application for revocation of cancellation of registration, FORM GST REG-21, to such proper officer, within a period of thirty days from the date of the service of the order of cancellation of registration                                                                                                 |
| 24 | C | As per Sec. 22 of CGST Act, every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees                                                                                                                                                     |
| 25 | C | Aggregate Turnover of Mr. Anil in Delhi and Haryana is ₹ 60 lakhs, and as the ATO exceeds threshold limit, Mr. Anil is liable to get registered in Delhi and Haryana.                                                                                                                                                                                                                                                                                           |
| 26 | C | As per Sec. 24, an agent acting on behalf of principal is compulsorily required to get registered.                                                                                                                                                                                                                                                                                                                                                              |
| 27 | D | <ol style="list-style-type: none"> <li>a) Service provider making inter state supplies are not compulsorily required to get registered</li> <li>b) Casual taxable person engaged in supply of handicrafts is not compulsorily required to get registered</li> <li>c) Only supplier of goods through E commerce operator is compulsorily required to get registered</li> <li>d) Importer of OIDAR services is compulsorily required to get registered</li> </ol> |
| 28 | C | Aggregate turnover of Mrs. Reena = 5,00,000 + 2,00,000 + 1,20,000 + 50,000 + 6,00,000 = ₹ 14,70,000                                                                                                                                                                                                                                                                                                                                                             |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 29 | B | A registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 30 | D | The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where,—(a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or (b) a person paying tax under composition scheme has not furnished the return for a financial year beyond three months from the due date of furnishing the said return; or (c) any registered person, other than a person specified in clause(b), has not furnished returns for such continuous tax period as may be prescribed; (6 months or 2 quarters) or (d) any person who has taken voluntary registration has not commenced business within six months from the date of registration; or (e) registration has been obtained by means of fraud, willful misstatement or suppression of facts: |

N O T E S

N O T E S



# PAYMENT PROCESS

## Question 1

TCS deducted by E Commerce operator from the share of supplier shall be reflected in \_\_\_\_\_

- (A) Electronic Credit Ledger of Supplier
- (B) Electronic Cash Ledger of Supplier
- (C) Not reflected anywhere
- (D) Invoice of the supplier

## Question 2

On what value TDS needs to be deducted?

- (A) Contract value
- (B) Contract value excluding tax
- (C) Invoice value including tax
- (D) Invoice value excluding tax

## Question 3

What is the due date for payment of TDS?

- (A) Last day of the month to which payment relates
- (B) Within 10 days of the subsequent month
- (C) Within 20 days of the subsequent month
- (D) Within 15 days of the subsequent month

## Question 4

Is there any threshold limit for applying the provisions of Section 52 for collecting tax at source?

- (A) TCS applies if net value of taxable supplies exceeds ₹ 10,00,000/-
- (B) TCS applies if net value of taxable supplies exceeds ₹ 15,00,000/-
- (C) TCS applies if net value of taxable supplies exceeds ₹ 20,00,000/-
- (D) No such limit prescribed, tax should always be collected at source if the conditions envisaged u/s 52 are met

## Question 5

What is the due date for issue of TDS Certificate?

- (A) The date of payment of TDS
- (B) Within 10 days from the date of payment of TDS
- (C) Within 20 days from the date of payment of TDS
- (D) None of these

## Question 6

In which of the following ledger, the balance in Input tax credit is shown in

- (A) Electronic cash ledger
- (B) Electronic credit ledger
- (C) Electronic confirmation ledger
- (D) Electronic liability ledger

## Question 7

A registered supplier, who regularly files monthly GST return, has paid GST of ₹ 72,000 pertaining to the month of May, 2018 on 10-07-2018. The interest payable for delayed remittance of GST is

- (A) 710
- (B) 355
- (C) 473
- (D) None of these

## Question 8

Which of the following statement is correct: -

- (A) Payment of GST can be done by Cash without any limit
- (B) Payment of GST can be done by Cheque without any limit
- (C) Payment of GST Can be done by Internet banking without any limit
- (D) Payment of GST can be done within 24 hours of filing of Monthly / Quarterly return

## Question 9

Mr. Y was filing GSTR 3B for month of July and had a tax liability of INR 5000/- which he had to deposit. While making the payment of GST online on 17th August, the payment was deducted from his bank account but was not credited to Electronic Cash Ledger in his GST portal. On 18th August, he started following up with GST help-desk but no solution came out. He kept log of his follow-up on Grievance Redressal Portal on 18th August, but the payment got credited to Electronic Cash Ledger only on 19th August. On 20th August Mr. Y submitted and filed GSTR 3B for the July month. Now what date will be considered as date of deposit of tax dues in this case?

- (A) 17th August
- (B) 18th August
- (C) 19th August
- (D) 20th August

## Question 10

Payment made through challan will be credited to which registers/ledgers?

- (A) Electronic Tax liability register
- (B) Electronic Credit ledger
- (C) Electronic Cash ledger
- (D) All of them

## Question 11

What is deemed to be the date of deposit in the electronic cash ledger?

- (A) Date on which amount gets debited in the account of the taxable person
- (B) Date on which payment is initiated and approved by the taxable person

- © Date of credit to the account of the appropriate Government  
 Ⓓ Earliest of the above three dates

### Question .12

Taxable person made an online payment of tax. Due to technical snag CIN was not generated but my bank account is debited. What should he do?

- Ⓐ Wait for 24 hours for re-credit  
 Ⓑ Approach bank  
 Ⓒ File application with department  
 Ⓓ File return without challan

### Question .13

What is the validity of challan in FORM GST PMT-06?

- Ⓐ 1 day  
 Ⓑ 5 days  
 Ⓒ 15 days  
 Ⓓ Perpetual validity

### Question .14

A Company has head office in Bangalore and 4 branches in different states, all registered under GST and one ISD registered unit in Delhi. How many electronic cash ledgers will the company have?

- Ⓐ 1  
 Ⓑ 4  
 Ⓒ 5  
 Ⓓ 6

### Question .15

For payment of IGST input tax credit can be utilised in the following manner only

- Ⓐ IGST, CGST, SGST/UTGST  
 Ⓑ IGST, SGST/UTGST, CGST  
 Ⓒ CGST, SGST/UTGST, IGST  
 Ⓓ Any of the above manner

### Question .16

A taxable person failed to pay tax and/or file returns on time. He should pay interest on?

- Ⓐ Gross tax payable  
 Ⓑ Net tax payable  
 Ⓒ Gross tax payable & input credit claimed  
 Ⓓ No interest payable, if reasonable cause is shown

### Question .17

What should the taxable person do if he pay's tax under wrong GSTIN?

- Ⓐ Pay again under right GSTIN and claim refund  
 Ⓑ Auto-adjustment  
 Ⓒ Adjustment on application/request  
 Ⓓ Raise ISD invoice and transfer

### Question .18

What should the taxable person do if he pay's the wrong tax i.e. IGST instead of CGST/SGST or vice versa?

- Ⓐ Remit tax again and claim refund  
 Ⓑ It will be auto-adjusted  
 Ⓒ It will be adjusted on application/request  
 Ⓓ None of the above

### Question .19

Using e-payment modes, if a transaction failed from one bank, can the tax payer re-initiate the payment for the same challan using another bank account?

- Ⓐ Yes  
 Ⓑ No  
 Ⓒ Yes, if permitted by portal  
 Ⓓ None of the above

### Question .20

If you have generated \_\_\_\_\_ in a given tax period amounting to ₹ 10,000 the system will not let you generate any more OTC challans until the \_\_\_\_\_ challans automatically expire or cancelled by the tax payer

- Ⓐ Paid OTC challans, paid  
 Ⓑ Unpaid OTC challans, unpaid  
 Ⓒ Unpaid OTC challans, paid  
 Ⓓ OTC challans, paid

### Question .21

should the payment of taxes be made only from the account of the taxable person?

- Ⓐ No  
 Ⓑ No, only if authorised letter is given by the taxable person to another person  
 Ⓒ None of these  
 Ⓓ All of the above

### Question .22

Interest is levied by way of \_\_\_\_\_ & not be the way of \_\_\_\_\_

- Ⓐ Penalty, compensation  
 Ⓑ Compensation, Penalty  
 Ⓒ Fine, Penalty  
 Ⓓ Tax, Penalty

### Question .23

If the refund so filed is rejected, either fully or partly, the amount debited to the extent of rejection, shall \_\_\_\_\_ to the electronic credit ledger

- Ⓐ Be re-credited  
 Ⓑ Not be re-credited  
 Ⓒ Be Credited  
 Ⓓ Either (A) or (b)

Question .24 

The input tax credit as \_\_\_\_\_ in the return of the taxable person shall be credited to his electronic credit ledger in accordance with the relevant provisions of the Act.

- (A) Finally assessed
- (B) Self assessed
- (C) Permitted by the proper officer
- (D) Any of the above

Question .25 

NEFT stands for \_\_\_\_\_

- (A) National Electronic Fund Transfer
- (B) National Electronic Funds Transmit
- (C) Net Electronic Fund Transfer
- (D) National Electronic Funds Transmission

Question .26 

All the return liabilities are reflected in which form?

- (A) GST PMT 01
- (B) GST PMT 02
- (C) GST PMT 05
- (D) GST PMT 06

Question .27 

In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted?

(i) Health Department executed a contract with a local supplier to supply "medical grade oxygen" of ₹ 2.4lakh (including GST @ 18%) and is making full payment.

(ii) Government school is making a payment of ₹ 3.5 Lakh to a supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government.

(iii) Municipal Corporation of Kolkata purchases a heavy generator from a supplier in Delhi. Now, it is making payment of ₹ 5 lakh and IGST @18% on ₹ 5 lakh for such purchase. iv Finance Department is making a payment of ₹ 3 lakh (including GST @ 18%) to a supplier of 'printing & stationery'. Assume all other conditions for deduction of TDS are fulfilled.

- (A) (i), (ii) and (iii)
- (B) (ii), (iii) and (iv)
- (C) Only (i) and (ii)
- (D) Only (iii) and (iv)

Question .28 

A Ltd. Is filing their return w.r.to July 2023 on 18th August 2023 and missed payment of GST to the extent of ₹ 25,000 and paid the same in the return pertaining to October 2023 by 19th Nov 2023 by

using electronic credit ledger to the extent of ₹ 15,000 and electronic cash ledger to the extent of ₹ 10,000. Compute the Interest payable if any

- (A) ₹ 449
- (B) ₹ 1,122
- (C) ₹ 673
- (D) Interest not payable

Question .29 

Mari (P) Ltd. Is having a turnover of ₹ 60,00,000 (Excl. GST @ 18%) for Dec 2023 and has ITC to the extent of ₹ 12,00,000 (Out of which GST under RCM is ₹ 1,00,000) . They have paid ₹ 3,00,000 through Electronic cash ledger up to Nov 2023 where their cumulative gross liability up to Nov 2023 is ₹ 45,00,000. Compute the net GST payable by applying Rule 86B.

- (A) ₹ 10,800
- (B) ₹ 1,10,800
- (C) ₹ 1,00,000
- (D) Nil

Question .30 

Which of the following statement is correct

- (A) Balance in electronic credit ledger can be transferred between distinct persons
- (B) As per Rule 86A balance in electronic credit ledger can be suspended for any period by the proper officer.
- (C) In case when refund of ITC is recovered from the person, the electronic credit ledger shall be re credited.'
- (D) Rule 86B is not applicable to a person if they paid GST of > 1 lakh in each of the 2 preceding financial years

**N O T E S**

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                             |
|------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | B              | TDS deducted by recipient and TCS deducted by ECO shall be reflected in electronic cash ledger of the supplier.                                                                                                                                                                                                                                         |
| 2    | D              | TDS needs to be deducted on invoice value excluding GST                                                                                                                                                                                                                                                                                                 |
| 3    | B              | TDS deducted needs to be deposited within 10th of the month following every month.                                                                                                                                                                                                                                                                      |
| 4    | D              | Only in case of TDS under Sec. 51, threshold limit of ₹ 2,50,000 is applicable. However, in case of TCS under Sec. 52, threshold limit is not applicable.                                                                                                                                                                                               |
| 5    | D              | TDS certificate is to be issued in GSTR - 7A. However, there is no time limit prescribed to issue such certificate. As per Rule 66(3) The certificate referred to in sub-section (3) of section 51 shall be made available electronically to the deductee on the common portal in FORM GSTR-7A on the basis of the return furnished under sub-rule (1). |
| 6    | B              | Input tax credit availed is reflected in electronic credit ledger maintained by GST network                                                                                                                                                                                                                                                             |
| 7    | A              | Period for which interest is computed = 21/06/2018 to 10/07/2018 = 20 days Interest = ₹ 72,000 × 18% × 20/365 = ₹ 710 (Rounded off)                                                                                                                                                                                                                     |
| 8    | C              | The mode of payment allowed for the payment of GST into the cash ledger are NEFT, RTGS, BRN, UPI and IMPS. However, OTC limit is upto ₹ 10,000 per tax period.                                                                                                                                                                                          |
| 9    | C              | Date of credit to the account of the appropriate Government will taken as the date of deposit of GST. In the given case it is 19th August. However, date of payment of tax dues is 20th August.                                                                                                                                                         |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | C | Payment made through challan will be credited to Electronic Cash ledger.                                                                                                                                                                                                                                                                                                                  |
| 11 | C | On successful credit of the amount to the concerned government account maintained in the authorised bank, a Challan Identification Number shall be generated by the collecting bank and the same shall be indicated in the challan.                                                                                                                                                       |
| 12 | C | Where the bank account of the person concerned, or the person making the deposit on his behalf, is debited but no Challan Identification Number is generated or generated but not communicated to the common portal, the said person may represent electronically in FORM GST PMT-07 through the common portal to the bank or electronic gateway through which the deposit was initiated. |
| 13 | C | Any person, or a person on his behalf, shall generate a challan in FORM GST PMT-06 on the common portal and enter the details of the amount to be deposited by him towards tax, interest, penalty, fees or any other amount. Provided that the challan in FORM GST PMT-06 generated at the common portal shall be valid for a period of fifteen days.                                     |
| 14 | C | For the ISD registration there is no obligation of the payment of GST. It only has to distribute the ITC received to all the states. So all the other registration will have the obligation of the payment of GST so total 5 Electronic Cash ledger will be there.                                                                                                                        |
| 15 | A | As per the section 49 and 49A for the payment of IGST liability the manner of utilisation of the credit is IGST, CGST, SGST/ UTGST.                                                                                                                                                                                                                                                       |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16 | B | As per the section 50 read with rule 88B. Manner of calculating interest on delayed payment of tax.-(1) In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified under sub-section (1) of section 50. | 22 | B | Interest is levied by way of compensation & not be the way of penalty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 17 | A | When the taxable person do if he pays tax under wrong GSTIN can repay the amount with correct GSTIN claim refund of the amount wrongly paid. transfer through PMT 09 is before payment tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 23 | A | If the refund so filed is rejected, either fully or partly, the amount debited to the extent of rejection, shall re-credited to the electronic credit ledger                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 18 | A | As per Section 77 Remit tax again and claim refund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 24 | B | The input tax credit as Self assessed in the return of the taxable person shall be credited to his electronic credit ledger in accordance with the relevant provisions of the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 19 | B | Using e-payment modes, if a transaction failed from one bank, the tax payer has to create new challan with the another bank and need to make the payment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 25 | A | National Electronic Fund Transfer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 20 | B | As per the FAQ released by CBIC on Offline Payments-Over the Counter<br>If you have generated unpaid OTC Challans in a given tax period amounting to INR 10,000 the system will not let you generate any more OTC Challans until the unpaid Challans automatically expire or cancelled by the taxpayer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 26 | A | The electronic liability register is maintained in FORM GST PMT-01 for each person liable to pay tax, interest, penalty, late fee or any other amount on the common portal and all amounts payable by him shall be debited to the said register.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 21 | A | the payment of taxes can be done from any account once the challan for the payment with the CPIN number has been generated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 27 | D | I. Health Department executed a contract with a local supplier to supply "medical grade oxygen" of ₹ 2.4 lakh (including GST) and is making full payment.- Value does not exceeded 250000 per contract.<br>II. Government school is making a payment of ₹ 3.5 Lakh to a supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government- with in government department it not required to deduct the TDS<br>III. Municipal Corporation of Kolkata purchases a heavy generator from a supplier in Delhi. Now, it is making payment of ₹ 5 lakh and IGST @18% on ₹ 5 lakh for such purchase.- required to deduct TDS value exceed 2.5 Lakhs<br>IV. Finance Department is making a payment of ₹ 3 lakh (including GST) to a supplier of 'printing & stationery'. Assume all other conditions for deduction of TDS are fulfilled.-required to deduct TDS as the value exceed 2.5 Lakhs |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                        |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 28 | B | In case of delay in payment of tax after filing of return, interest is computed on gross liability. Therefore interest is computed on ₹ 25,000 from 19th August till 19th November i.e. 91 days = ₹ 25,000 × 18% × 91/365 = ₹ 1,122                                                                                                                                                    |
| 29 | C | Cumulative liability up to Dec 2023 = ₹ 45,00,000 + ₹ 60,00,000 × 18% = ₹ 55,80,000<br>Cumulative payment through Cash ledger = ₹ 3,00,000<br>% paid through ECL = 5.37% > 1%, therefore for December, 2023 Rule 86B not applicable and entire FCM liability of ₹ 10,80,000 can be paid using ECRL. However, GST payable under RCM should always be paid using Electronic cash ledger. |
| 30 | C | 1) Only balance in electronic cash ledger can be transferred between distinct persons through FORM GST PMT 09<br>2) As per Rule 86A, balance in electronic credit ledger can be suspended for a maximum period of 1 year<br>3) Rule 86B not applicable if a person paid income tax > 1 lakh in each of the preceding 2 financial years                                                 |

## NOTES

## NOTES

# RETURNS UNDER GST

## Question 1

What is the statement to be furnished by an E Commerce Operator?

- (A) GSTR - 3B
- (B) GSTR - 8
- (C) GSTR - 7
- (D) Both (A) and (b)

## Question 2

E Commerce Operator is required to file annual return in \_\_\_\_\_

- (A) GSTR - 9
- (B) GSTR - 7A
- (C) GSTR - 9B
- (D) GSTR - 9A

## Question 3

Every registered person required to deduct tax at source under section 51 shall furnish return, in ....., for the month in which such deductions have been made within 10 days after the end of such month.

- (A) Form GSTR-5
- (B) Form GSTR-6
- (C) Form GSTR-7
- (D) Form GSTR-8

## Question 4

Which return is required to be furnished for outward supplies made by the registered person?

- (A) Form GSTR-1
- (B) Form GSTR-2
- (C) Form GSTR-4A
- (D) Form GSTR-6

## Question 5

When is a registered person required to furnish his annual return?

- (A) On or before 31st day of March at the end of financial year
- (B) On or before 30th day of September following the end of financial year
- (C) On or before 31st day of December following the end of financial year
- (D) On or before 1st day of December following the end of financial year

## Question 6

Which class of person is required to file monthly details of outward supplies of goods or services or both in Form GSTR-1?

- (A) Non resident taxable person

- (B) Person required to deduct tax at source
- (C) Person who has opted to pay tax under composition scheme
- (D) Person other than mentioned above

## Question 7

When is the final return filed in form GSTR-10?

- (A) Within 3 months of date of cancellation or cancellation order, whichever is later
- (B) Within 2 months of date of cancellation or cancellation order, whichever is later
- (C) Within 6 months of date of cancellation or cancellation order, whichever is later
- (D) Within 30 days of date of cancellation or cancellation order, whichever is later

## Question 8

The details of outward supplies of goods or services shall be submitted by

- (A) 11th of the succeeding month
- (B) 18th of the succeeding month
- (C) 11th of the month following every quarter
- (D) 20th of the succeeding month

## Question 9

Which of the following is correct?

- (A) If ATO > 20 crores, Failure to file annual return within due date attracts a late fee of ₹ 100 per day up to 0.25% of his turnover under CGST Act 2017
- (B) If ATO < 20 crores, Failure to file annual return within due date attracts late fee of 1% of his turnover till the failure continues under CGST Act 2017
- (C) If ATO > 20 crores,, Failure to file annual returns within due date attracts a late fee of ₹ 100 per day up to 1% of his turnover under CGST Act 2017
- (D) On failure to file annual return within due date the proper officer shall issue a notice of non-filing on such person under CGST Act 2017

## Question 10

Notice to non-filers of return shall be sent in Form

- (A) GSTR 5
- (B) GSTR 3A
- (C) GSTR 3B
- (D) GSTR 10

## Question 11

Find the correct match of annual returns to be filed

- (A) Registered taxable person – Form GSTR 8
- (B) Input service distributor – Form GSTR 9
- (C) Non Resident taxable person – Form GSTR 9B
- (D) Composition scheme tax payer – Form GSTR 04

Question .12 

The First return shall be filed by every registered taxable person & it shall contain details of supplies from

- (A) The date on which he became liable for registration till the date of grant of registration
- (B) The date of registration to the last day of that month
- (C) The date on which he became liable for registration till the last day of that month
- (D) All of the above

Question .13 

What is the time limit for rectification of GSTR 1, GSTR 3B and GSTR 8?

- (A) Return can be rectified within 6 months from the date of filing the return
- (B) Return can be rectified within 90 days from the date of filing the return
- (C) Return have to be rectified before the due date for filling the subsequent periods return
- (D) Return can be rectified before 30th November of succeeding, Financial year (or) date of filing annual return, whichever is earlier.

Question .14 

Which of the following is correct?

- (A) Non-Resident taxable person shall file the return by 13th of month , following every month or 7 days from expiry of registration, whichever is earlier in form GSTR 5
- (B) Input Service Distributor shall furnish the return by 13th of the succeeding month in Form GSTR 6
- (C) The person deducting tax at source shall furnish the return by 10th of the succeeding month in Form GSTR 7
- (D) All the above

Question .15 

Which of the following is true?

- (A) The Commissioner may extend the time limit for furnishing the details of outward supplies by notification for valid reasons
- (B) The details of outward supplies shall include details of debit notes, credit notes and revised invoices issued in relation to outward supplies
- (C) The details of outward supplies shall be submitted in Form GSTR-1 by all the registered taxable person other than ISD, non-resident tax payer and a person paying tax under section 10, section 51 and section 52
- (D) All the above

Question .16 

Details of Outward supplies shall include

- (A) Invoice
- (B) Credit and Debit notes
- (C) Revised invoice issued in relation to outward supplies
- (D) All the above

Question .17 

If there is no transaction, monthly return is not mandatory for \_\_\_\_\_

- (A) Input Service Distributor
- (B) Person covered under TDS or TCS
- (C) Non-resident taxable person
- (D) All of the above

Question .18 

GSTR 1

- (A) ISD Return
- (B) Composition Return
- (C) TDS Return
- (D) Regular registered person

Question .19 

GSTR 04

- (A) ISD Return
- (B) Composition Return
- (C) TDS Return
- (D) Regular registered person

Question .20 

GSTR 6

- (A) ISD Return
- (B) Composition Return
- (C) TDS Return
- (D) Regular registered person

Question .21 

GSTR 7

- (A) ISD Return
- (B) Composition Return
- (C) TDS Return
- (D) Regular registered person

**N O T E S**



## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                           |
|------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | D              | E Commerce operator who is liable to deduct TCS is required to submit a statement in GSTR - 8 by 10th of the month following every month. Also with respect to payment of GST on their commission, they need to file a return in GSTR-3B by 20th of the month following every month .                                                                                                 |
| 2    | C              | Annual return required to be filed by an ECO (i.e., TDS dedicator) is GSTR 9B and to be filed by 31st December of succeeding financial year.                                                                                                                                                                                                                                          |
| 3    | C              | Every registered person required to deduct tax at source under section 51 (hereafter in this rule referred to as deductor) shall furnish a return in FORM GSTR-7 electronically through the common portal either directly or from a Facilitation Centre notified by the Commissioner with in 10 day form the end for month in which such deduction has been made as per Section 51(2) |
| 4    | A              | As per Section 37 every registered person has to file Outward supply under the GSTR 1                                                                                                                                                                                                                                                                                                 |
| 5    | C              | Every register person who's turnover in the FY exceeds ₹ 2 crs has to file the GSTR 09 within 31 December following end of the FY                                                                                                                                                                                                                                                     |
| 6    | D              | As per section 37(1)Every registered person, other than an Input Service Distributor,a non-resident taxable person and a person paying tax under the provisions of section 10 or section 51 or section 52, shall furnish, electronically, subject to such conditions and restrictions and in such form and manner as may                                                              |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | be prescribed, the details of outward supplies of goods or services or both effected during a tax period on or before the Eleventh day of the month succeeding the said tax period and such details shall, subject to such conditions and restrictions, within such time and in such manner as may be prescribed, be communicated to the recipient of the said supplies.                                                                                                                                                                            |
| 7  | A | In case of cancellation, Final Return in Form GSTR-10 is required to be filed within 3 months from the date of effective date of cancellation or date of cancellation order, whichever is later.                                                                                                                                                                                                                                                                                                                                                    |
| 8  | A | GSTR 1 for the month under the section 37 has to be filed within 11th of the succeeding month                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 9  | A | As per section 47(2) Any registered person who fails to furnish the return required under section 44 by the due date shall be liable to pay a late fee of one hundred rupees for every day during which such failure continues subject to a maximum of an amount calculated at a quarter per cent. of his turnover in the State or Union territory. As per Notification no 07/2023, Late fees for GSTR 9/9B/9C where Aggregate Turnover is more than 20 crores attracts a late fee of ₹ 100 per day up to 0.25% of his turnover under CGST Act 2017 |
| 10 | B | Form GSTR-3A is a system generated notice which is issued to the taxpayers who have failed to file return in Form GSTR-3B or any other returns within the due date.                                                                                                                                                                                                                                                                                                                                                                                 |
| 11 | D | Every Composition scheme tax payer has to file annual return under GSTR 04                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12 | A | Every registered person who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in the first return furnished by him after grant of registration.                                                                                                                                                                                                                                                                                                          |
| 13 | D | Time limit for rectification of GSTR-1; GSTR-3B & GSTR -8 is 30th November of next FY (or) date of filing annual return, whichever is Earlier.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 14 | D | A) Non-Resident taxable person shall file the return by 13th of month , following every month or 7 days from expiry of registration, whichever is earlier is correct;<br>B) Input Service Distributor shall furnish the return by 13th of the succeeding month in Form GSTR 6 statement is correct;<br>C) The person deducting tax at source shall furnish the return by 10th of the succeeding month in Form GSTR 7 statement is correct.                                                                                                                                            |
| 15 | D | a. The Commissioner may extend the time limit for furnishing the details of outward supplies by notification for valid reasons the statement is correct.<br>b. The details of outward supplies shall include details of debit notes, credit notes and revised invoices issued in relation to outward supplies statement is correct.<br>c. The details of outward supplies shall be submitted in Form GSTR-1 by all the registered taxable person other than ISD, non-resident tax payer and a person paying tax under section 10, section 51 and section 52 the statement is correct. |
| 16 | D | As per rule 59(4)The details of outward supplies of goods or services or both furnished in FORM GSTR-1 shall include the-(a) invoice wise details of all                                                                                                                                                                                                                                                                                                                                                                                                                              |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | (i) inter-State and intra-State supplies made to the registered persons; and<br>(ii) inter-State supplies with invoice value more than two and a half lakh rupees made to the unregistered persons;<br>(b) consolidated details of all -<br>(i) intra-State supplies made to unregistered persons for each rate of tax; and<br>(ii) State wise inter-State supplies with invoice value upto two and a half lakh rupees made to unregistered persons for each rate of tax;<br>(c) debit and credit notes, if any, issued during the month for invoices issued previously.                            |
| 17 | D | Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 shall, for every calendar month or part thereof, furnish, a return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars, in such form and manner, and within such time, as may be prescribed: Therefore, other than those specified above, even if there are no transactions, return needs to be filed. |
| 18 | D | GSTR 1 is the statement to be furnished by the regular registered person within 11th of the month following the end of each month.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 19 | B | GSTR 04 is a annual return need to filed by the composition tax payer with in 30th April of the next FY.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 20 | A | GSTR 6 has to be filed by the ISD distributor every month on or before 13th of the following month from end of each month                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 21 | C | GSTR 7 has to be filed by the TDS distributor on or before 10th of the following month end of each month                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

# ACCOUNTS AND RECORDS

## Question 1

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

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

## Question 2

For the year 2017-18 due date of filing of annual return is 31.12.2018. The books and records of 2017-18 must be maintained till

- (A) 31.03.2024  
 (B) 31.12.2024  
 (C) 31.12.2026  
 (D) 31.03.2034

## Question 3

Who among the following, even if not registered, is required to maintain records

- (A) Owner or operator of warehouse or storage place  
 (B) Every Transporter  
 (C) E-Commerce Operator  
 (D) Both (A) and (B)

## Question 4

Registered person has to maintain his records for a period of \_\_\_\_\_

- (A) Expiry of 72 months from the due date of filing of Annual Return for the year  
 (B) Expiry of 40 months from the due date of filing of Annual Return for the year  
 (C) Expiry of 30 months from the due date of filing of Annual Return for the year  
 (D) Expiry of 90 months from the due date of filing of Annual Return for the year

## Question 5

Which of the records are not to be maintained by an agent?

- (A) Particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately  
 (B) Raw materials or services used in the manufacture  
 (C) Tax paid on receipts or on supply of goods or services effected on behalf of every principal.  
 (D) Details of accounts furnished to every principal

## Question 6

ABC is tea manufacturer. It has appointed Mr C as auctioneer for conducting auction of his tea. ABC has stored his stock of tea into godowns registered with Tea Board of India and has declared such godown as its additional place of business. Which of the following option is correct as to maintenance of accounts under GST

- (A) Sale of tea lying in Godown – accounts shall be maintained at godown as it is additional place of business of ABC  
 (B) Sale of tea lying in Godown – accounts shall be maintained at principal place of business of ABC – as maintenance of accounts at additional place of business is not feasible practically  
 (C) Sale of tea lying in Godown – accounts shall be maintained at principal place of business of ABC after intimating proper officer that maintenance of accounts at additional place of business is not feasible practically  
 (D) None of the above

## Question 7

A registered person, who is under investigation for an offence under GST, needs to retain the books of accounts/other records pertaining to such investigation until the expiry of:

- (A) 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.  
 (B) 1 year after final disposal of such investigation.  
 (C) (A) or (b), whichever is later  
 (D) None of these

## Question 8

Who among the following, is required to obtain Unique Enrollment Number (UEN)?

- (A) GST Unregistered owner/operator of warehouse or other storage place  
 (B) GST Registered Supplier  
 (C) GST Unregistered transporter  
 (D) Both (A) & (C)

Question .9 

Accounts are required to be maintained in

- (A) Manual Form
- (B) Electronic Form
- (C) Both (A) and (B)
- (D) Either (A) or (B) or both

Question .10 

The books and other records u/s 35 are to be maintained at \_\_\_\_\_

- (A) Principal place of business mentioned in the Certificate of Registration
- (B) Place of address of the Proprietor/ Partner/ Director/Principal Officer etc.
- (C) Principal place of business mentioned in the Certificate of Registration as well as also on additional place of businesses mention in that certificate
- (D) Any of the above

Question .11 

Registered person supplying services shall maintain the accounts showing

- (A) quantitative details of goods used in the provision of services
- (B) details of the services supplied
- (C) details of input services utilised
- (D) All of the above

Question .12 

The owner or the operator of the godown shall store the goods \_\_\_\_\_ and \_\_\_\_\_

- (A) item wise; owner wise
- (B) price wise; owner wise
- (C) price wise; item wise
- (D) tax rate wise; owner wise

Question .13 

Every registered person manufacturing goods shall maintain production accounts

- (A) yearly
- (B) monthly
- (C) daily
- (D) any of the above

Question .14 

The registered person may keep and maintain such accounts and other particulars in the electronic form, however the said records must be \_\_\_\_\_

- (A) Signed by the authorised signatory
- (B) authenticated by way of digital signature
- (C) confirmed via an email
- (D) authenticated by the director of the company

Question .15 

What are the consequences if taxable goods are found in a place other than those declared without valid documents?

- (A) Proper officer shall impose penalty
- (B) Proper officer shall determine the amount of tax on such goods
- (C) No Consequences
- (D) Either (A) or (b)

Question .16 

What shall be the treatment of incorrect entries made in the registers, accounts or documents?

- (A) They shall be scored out after informing the proper officer
- (B) They shall be scored out under written permission by agent
- (C) They shall be scored out under attestation
- (D) Can be easily rectified. No Special procedure

Question .17 

Where the registers and other documents are maintained electronically, \_\_\_\_\_ shall be maintained

- (A) A written note of entry modified
- (B) A log of every entry deleted or altered
- (C) Physical evidence
- (D) Any of the above

Question .18 

Owner or Operator of warehouse or godown or any other place used for storage of goods and every transporter, if not registered, shall submit the details regarding his business in \_\_\_\_\_

- (A) FORM GST REG 01
- (B) FORM GST ENR 01
- (C) FORM GST ENP 01
- (D) FORM GST REG 09

Question .19 

Transporter may apply for a unique enrolment number in \_\_\_\_\_

- (A) FORM GST REG 02
- (B) FORM GST ENR 02
- (C) FORM GST ENP 01
- (D) FORM GST REG 18

Question .20 

Whether the transporter who has obtained a unique enrolment number, will \_\_\_\_\_

- (A) be eligible to use any of the GSTIN of such person
- (B) use only such number in all communications
- (C) use either GSTIN or enrolment number, at the discretion of transporter
- (D) None



Question 21 

Who shall maintain an account containing the details of tax payable, collected or paid?

- (A) Every taxable person
- (B) Every registered person
- (C) Every supplier of taxable goods
- (D) Every registered person, other than a person paying tax under composition scheme

Question 22 

In case of supply of tea, coffee, rubber etc., where the auctioneer claims ITC in respect of the supply made to him by the principal before the auction of such goods and the said goods are supplied only through auction. In this case who is required to maintain the books?

- (A) Principal and Auctioneer
- (B) Auctioneer
- (C) Principal
- (D) None of these

Question 23 

In case of additional places of business, the accounts relating to each place of business shall be kept at such places of business concerned provided

- (A) Persons operating such place of business from over 5 years
- (B) Discretion of business owner
- (C) Such place is specified in the certificate of registration
- (D) None of these

Question 24 

Mr. A is registered in Delhi and is having total 4 places of business within Delhi out of which one is the head officer. Where should he maintain the records?

- (A) At the head officer
- (B) At each such place of business
- (C) At the location where Mr. A operates
- (D) All of the above places

Question 25 

The owner or the operator of the godown shall store the goods in such manner that it shall facilitate any \_\_\_\_\_ or \_\_\_\_\_ by the proper officer on demand.

- (A) Observation, inspection
- (B) Inspection, Interrogation
- (C) Physical verification, Inspection
- (D) Observation, Physical verification

Question 26 

\_\_\_\_\_ of the central tax has been designated as the "proper officer" for the purpose of issuing demand in respect of goods kept at improper place.

- (A) Superintendent
- (B) Commissioner
- (C) Any officer
- (D) Joint office

Question 27 

Which records are to be maintained by transporter (If unregistered)

- (A) Records of goods stored in transit by him
- (B) GSTIN of the consignor and the consigned
- (C) Both (A) and (B)
- (D) Not required to maintain records as such person is unregistered

Question 28 

Which records are required to be maintained by an owner or operator of a warehouse or godown?

- (A) Records of the consignor and consignee
- (B) Books of accounts including the particulars relating to dispatch, movement, receipt and disposal of goods
- (C) Both (A) and (B)
- (D) None of these

Question 29 

Which of the following statement is incorrect

- (A) Owner of warehouse who obtained UEN should amend the details in the portal if such person has shifted the warehouse
- (B) Multiple UEN's are required to transporter or warehouse keeper if they are doing business in different states
- (C) If records are maintained in electronic form, proper back up has to be maintained and it is obligation of the person who is required to maintain such records
- (D) None of these

Question 30 

Kunal has kept some of his goods at Rahul's warehouse without any documentation in the view that Rahul is his friend and he doesn't need documentation for such goods. During an investigation proper officer found them and considered it as \_\_\_\_\_

- (A) Supply of such goods to Rahul by Kunal
- (B) Supply of such goods as an agent to Rahul by Kunal
- (C) Goods belonging to Rahul
- (D) None of these

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | A              | 1) All accounts and records are to be retained for 6 years - statement is true 2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme- statement is true 3) Stock record is to be maintained by all registered dealers including composition dealers.-- statement is not true 4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition- statement is not true. 5) Monthly production records are to be maintained by all dealers including composition dealers- statement is true 6) Records are to be maintained at principal place of business-- statement is true |
| 2    | B              | For every financial years the books has to be maintained for the period of 6 years form the due of filing annual return                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 3    | D              | As per the section 35(2), Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods in such manner as may be prescribed.                                                                                                                                                                                                                                                                                                                                                               |
| 4    | A              | As per sec 36, Every registered person required to keep and maintain books of account or other records in accordance with the provisions of sub-section (1) of section 35 shall retain them 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 | B | As the agent does not involve in the manufacturing activity, he does not required to maintain the details relating to the raw materials or service used in the manufacturing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 6 | C | As per the circular 47/21/2018, Sale of tea lying in Godown - accounts shall be maintained at principal place of business of ABC after intimating proper officer that maintenance of accounts at additional place of business is not feasible practically.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 7 | C | As per the Proviso to the section 36(1)a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records which ever is later |
| 8 | D | Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter who is not a registered person shall obtain a unique enrollment number (UEN) by applying electronically at the GST common portal through Form GST ENR 01                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 9 | D | As per the section 35 can maintain the accounts either manual or in electronic form or both                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | C | As per the section 35 (1) Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of— (a) production or manufacture of goods; (b) inward and outward supply of goods or services or both; (c) stock of goods; (d) input tax credit availed; (e) output tax payable and paid; and (f) such other particulars as may be prescribed: Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business: |
| 11 | D | As per the rule 56 (13) every registered person supplying services shall maintain the accounts showing quantitative details of goods used in the provision of services, details of input services utilised and the services supplied.                                                                                                                                                                                                                                                                                                                                                                                                     |
| 12 | A | As per the rule 58(5), the owner or the operator of the godown shall store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.                                                                                                                                                                                                                                                                                                                                                                                    |
| 13 | B | As per the rule 56 (12), every registered person manufacturing goods shall maintain monthly production accounts showing quantitative details of raw materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof.                                                                                                                                                                                                                                                                                                                                      |
| 14 | B | As per the 56(15) the records under the provisions of this Chapter may be maintained in electronic form and the record so maintained shall be authenticated by means of a digital signature.                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15 | B | As per the section 35(6) Subject to the provisions of clause (h) of sub-section (5) of section 17, where the registered person fails to account for the goods or services or both in accordance with the provisions of sub-section (1), the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of section 73 or section 74, as the case may be, shall, mutatis mutandis, apply for determination of such tax. |
| 16 | C | As per the rule 56(8), any entry in registers, accounts and documents shall not be erased, effaced or overwritten, and all incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and thereafter, the correct entry shall be recorded and where the registers and other documents are maintained electronically, a log of every entry edited or deleted shall be maintained.                                                                                                                                                   |
| 17 | B | As per the rule 56(8) Any entry in registers, accounts and documents shall not be erased, effaced or overwritten, and all incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and thereafter, the correct entry shall be recorded and where the registers and other documents are maintained electronically, a log of every entry edited or deleted shall be maintained.                                                                                                                                                    |
| 18 | B | As per the rule 58(1) Every person required to maintain records and accounts in accordance with the provisions of sub-section (2) of section 35, if not already registered under the Act, shall submit the details regarding his business electronically on the common portal in FORM GST ENR-01, either directly or through a Facilitation Centre notified                                                                                                                                                                                                               |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | by the Commissioner and, upon validation of the details furnished, a unique enrolment number shall be generated and communicated to the said person.                                                                                                                                                                                                                                                                                                                                 |
| 19 | B | As per the rule 58(1A), a transporter who is registered in more than one State or Union Territory having the same Permanent Account Number, he may apply for a unique common enrolment number by submitting the details in FORM GST ENR-02 using any one of his Goods and Services Tax Identification Numbers, and upon validation of the details furnished, a unique common enrolment number shall be generated and communicated to the said transporter                            |
| 20 | B | As per the proviso to the rule 58(1A), Provided that where the said transporter has obtained a unique common enrolment number, he shall not be eligible to use any of the Goods and Services Tax Identification Numbers                                                                                                                                                                                                                                                              |
| 21 | D | As per the rule 56(4) Every registered person, other than a person paying tax under section 10, shall keep and maintain an account, containing the details of tax payable (including tax payable in accordance with the provisions of sub-section (3) and sub-section (4) of section 9), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period. |
| 22 | A | As per the Circular 23/2017 Dated 21-12-2017 Issues in respect of maintenance of books of accounts relating to additional place of business by a principal or an auctioneer for the purpose of auction of tea, coffee, rubber etc., It is Clarified that, the principal and the auctioneer of tea, coffee, rubber etc. are required to declare                                                                                                                                       |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | warehouses where such goods are stored as their additional place of business. The buyer is also required to disclose such warehouse as his additional place of business if he wants to store the goods purchased through auction in such warehouses.<br>It is further clarified that this Circular is applicable to the supply of tea, coffee, rubber, etc. where the auctioneer claims ITC in respect of the supply made to him by the principal before the auction of such goods and the said goods are supplied only through auction.                                                                                              |
| 23 | C | As per the section 35, in case of additional places of business, the accounts relating to each place of business shall be kept at such places of business concerned provided Such place is specified in the certificate of registration                                                                                                                                                                                                                                                                                                                                                                                               |
| 24 | D | As per Sec 35, (1) Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of—<br>(a) production or manufacture of goods; (b) inward and outward supply of goods or services or both; (c) stock of goods; (d) input tax credit availed; (e) output tax payable and paid; and (f) such other particulars as may be prescribed: Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business: |
| 25 | C | As per Rule 58(5) of CGST Rules, The owner or the operator of the godown shall store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.                                                                                                                                                                                                                                                                                                                                                                      |



|    |   |                                                                                                                                                                                                                                                                    |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 26 | C | Depending on the quantum of tax involved, the appropriate officer out of Superintendent (or) AC/DC (or) Addl/Joint commissioner shall issue demand                                                                                                                 |
| 27 | C | Any person engaged in business of transportation of goods, even though unregistered shall maintain records of goods transported, delivered and goods stored in transit by him along with GSTIN of the registered consignor and consignee for each of his branches  |
| 28 | C | Every owner or operator of a warehouse or godown shall maintain books of accounts with respect to the period for which the particular goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt and disposal of such goods. |
| 29 | B | UEN obtained in a state/UT is valid across the country and separate UEN not required for each state or UT.                                                                                                                                                         |
| 30 | A | As per Rule 56(6) of CGST Rules, if goods are found without a cover of valid documents, the proper officer shall determine the amount of tax payable on such goods as if such goods have been supplied by the registered person.                                   |

**N O T E S**

**N O T E S**

# ASSESSMENT AND AUDIT UNDER GST

## Question .1

Ms. Reena Banerji is engaged in retail business of selling mobile phones in the State of West Bengal. She has effected supplies to the customers in the State of Uttar Pradesh and Haryana. Her total turnover during the financial year ending 31st March, 20XX is ₹ 18,00,000. Owing to low profit margins in the business, she has decided to shut down the business in April 20XX. The proper officer has collected evidences of the inter-State sale of mobile phones effected by Ms. Reena Banerjee during the FY ending 31st March 20XX. Now, the proper officer wants to make the assessment as she was liable for registration but did not get herself registered. You are required to assist the proper officer by determining which assessment can be done in this case under the CGST Act, 2017?

- (A) Self-assessment
- (B) Provisional Assessment
- (C) Assessment of un-registered persons
- (D) Special assessment

## Question .2

The time-limit for issuance of order of best judgment assessment is:

- (A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
- (B) 4 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
- (C) 3 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
- (D) None of the above

## Question .3

In respect of a consignment supplied on 20th August, provisional assessment was resorted to. The assessment was finalized on 20th November and the taxpayer became liable to pay differential IGST of ₹ 10,000. The taxpayer paid this amount on 20th February next year. The number of days for which the taxpayer is liable to pay interest are-

- (A) 184 days
- (B) 153 days
- (C) 92 days
- (D) 204 days

## Question .4

A taxable person may apply for provisional assessment:

- (A) When the taxable person is not able to determine the value of goods and/or services
- (B) When the taxable person is not able to determine the rate of tax.
- (C) (A) or (b)
- (D) (A) and (b)

## Question .5

The provisional assessment sought by a taxable person can be used by:

- (A) The taxable person who has sought the provisional assessment.
- (B) The friends and relatives of the taxable person who has sought the provisional assessment.
- (C) The holding/subsidiary company of the taxable person who has sought the provisional assessment.
- (D) None of the above.

## Question .6

The payment of tax on provisional basis may be allowed, if the taxable person:

- (A) Executes a bond in such form as may be prescribed in this behalf
- (B) With such surety or security as the proper officer may deem fit, binding the taxable person for differential tax if any.
- (C) (A) or (b)
- (D) (A) & (b)

## Question .7

What is the time period within which the final assessment order should be passed?

- (A) Six months from the date of the provisional assessment.
- (B) Nine months from the date of the provisional assessment.
- (C) Three months from the date of the provisional assessment.
- (D) One months from the date of the provisional assessment.

## Question .8

If final order is not passed within six months, time period specified in 60(1) may, on sufficient cause being shown and for reasons to be recorded in writing, be extended:

- (A) By the Joint/Additional Commissioner for a further period of 6 months and by the Commissioner for such further period not exceeding 4 years.
- (B) By the Commissioner for a further period of 6 months.

- © By the Joint/Additional Commissioner for a further period of 1 year.
- ④ By the Joint/Additional Commissioner for a further period of 1 year and by the Commissioner for a further period of 6 months.

#### Question .9

**Whether any additional interest/penalty/prosecution will be leviable for non-payment of tax determined under provisional assessment?**

- ① Only interest specified under Section 50 will be liable.
- ② Interest u/s 50 + Penalty of ₹ 10,000.
- ③ Only Penalty @ 50% of the default amount.
- ④ No Penalty, only Prosecution.

#### Question .10

**What shall be interest payable to the taxable person if he is entitled to a refund consequent to the order for final assessment?**

- ① Interest shall be payable only after 6 months after the final Assessment.
- ② Interest shall be payable only after 3 months after the final Assessment.
- ③ Interest shall be paid on such refund as provided in Section 56.
- ④ No interest shall be payable on the refund.

#### Question .11

**What will be the consequences when tax payable under final order passed under sub-section (3) is more than tax paid based on provisional assessment?**

- ① Only Differential tax payable has to be paid on determination of final assessment.
- ② Differential tax payable has to be paid on determination of final assessment along with interest specified under Section 50.
- ③ Differential tax payable has to be paid on determination of final assessment along with interest specified under Section 50 and penalty of ₹ 20,000.
- ④ Differential tax payable has to be paid on determination of final assessment along with penalty of ₹ 20,000.

#### Question .12

**Whether all the returns submitted under Section 39 will be scrutinised?**

- ① No, 50% of the returns submitted under Section 39 will be scrutinised.
- ② Yes, all the returns submitted under Section 39 will be scrutinised.
- ③ No, Returns submitted under Section 39 will be self-assessed and proper officer may select any return for scrutiny under this Section.
- ④ No, 35% of the returns submitted under Section 39 will be scrutinised.

#### Question .13

**Whether any time limit has been specified to issue notice for scrutiny?**

- ① Six months from the end of the respective financial year.
- ② No time limit has been prescribed as of now, however same may be prescribed in the rules.
- ③ One Year from the end of the respective financial year.
- ④ 3 Years from the end of the respective financial year

#### Question .14

**In case no satisfactory explanation is furnished during scrutiny assessment for the discrepancies within a period of thirty days of being informed by the proper officer or such further period as may be permitted proper officer may initiate appropriate action:**

- ① Under Section 65 or Section 66 (Audit & Special Audit)
- ② Section 67, (Inspection, Search Seizure)
- ③ Proceed to determine the tax and other dues under Section 73 or Section 74.
- ④ Any of the above.

#### Question .15

**Is there any time limit specified to furnish the return after serving of best judgement assessment order?**

- ① Yes, Return has to be filed by registered person who has failed to submit return under Section 39 or Section 45 within 15 days from service the assessment order.
- ② Yes, Return has to be filed by registered person who has failed to submit return under Section 39 or Section 45 within 30 days from service the assessment order.
- ③ Yes, Return has to be filed by registered person who has failed to submit return under Section 39 or Section 45 within 45 days from service the assessment order.
- ④ No time limit has been specified.

#### Question .16

**What are the consequences, where a registered person fails to furnish the return required under Section 39 or Section 45, even after the service of a notice under Section 46?**

- ① The proper officer may proceed to assess the tax liability of the said person to the best of his judgement.
- ② Issue an assessment order within a period of five years from the date specified under Section 44
- ③ (A) or (b)
- ④ (A) and (b)

## Question .17



What is the time limit for issuing order under section 62?

- (A) 9 months from the end of financial year.
- (B) 3 years for cases covered U/s 73 or 5 years for cases covered under 74
- (C) 5 years for cases covered U/s 73 or 3 years for cases covered under 74
- (D) 5 years from the due date of filing annual return.

## Question .18



Whether the registered person will get immunity from interest & late fee leviable if assessment order passed u/s 62(1) is withdrawn?

- (A) Taxable person will get immunity only from late fee u/s 47.
- (B) No, taxable person will still be liable for interest u/s Section 50 and late fee u/s Section 47. Therefore, no immunity has been provided for the same.
- (C) Taxable person will get immunity from late fee u/s 47 as well as interest u/s 50.
- (D) Taxable person will get immunity only from interest u/s 50.

## Question .19



What is the consequence, where a taxable person fails to obtain registration even though liable to do so?

- (A) Proper officer may assess the tax liability to the best of his judgement.
- (B) Issue a show cause notice and pass assessment order after providing opportunity of being heard.
- (C) (A) or (b)
- (D) (A) and (b)

## Question .20



What are the pre requisites for proper officer to pass assessment order under Section 63?

- (A) Period selected for assessment has to be within 5 years from the end of due date for filing annual return of relevant period.
- (B) Show cause notice has to be issued before passing assessment order.
- (C) Opportunity of being heard has to be given before passing assessment order.
- (D) All of the above.

## Question .21



Whether proper officer can proceed Suo-moto in assessing the tax liability of a taxable person on possession of relevant evidence without any notice?

- (A) No, the proper officer has to obtain prior

permission of [Additional/Joint Commission] to proceed to assess the tax liability.

- (B) No, the proper officer has to obtain prior permission of Chief Commissioner to proceed to assess the tax liability.
- (C) No, the proper officer has to obtain prior permission of Principle Chief Commissioner to proceed to assess the tax liability.
- (D) Yes, the proper officer can proceed Suo-moto in assessing the tax liability of a taxable person on possession of relevant evidence.

## Question .22



The order u/s 64 may be withdrawn:

- (A) On an application made by taxable person.
- (B) If the Additional/Joint Commissioner considers that such order is erroneous.
- (C) (A) or (B)
- (D) The order passed u/s 64 cannot be withdrawn.

## Question .23



On receipt of application for provisional assessment, the proper officer shall examine the application and if required any further information or document in support of the request, he may issue a notice seeking additional information in \_\_\_\_\_

- (A) FORM GST ASMT-01
- (B) FORM GST ASMT-02
- (C) FORM GST ASMT-03
- (D) FORM GST ASMT-04

## Question .24



Under provisional assessment, if a registered person liable to pay tax has not paid with the due date, then he shall be liable to pay interest \_\_\_\_\_ from the first day after due date actual date of payment.

- (A) 6% p.a.
- (B) 12% p.a.
- (C) 18% p.a.
- (D) 24% p.a.

## Question .25



Where a taxable person fails to obtain registration even though liable to do so, proper officer may proceed for \_\_\_\_\_ to assess the tax liability of such taxable person the relevant tax periods

- (A) Provisional Assessment
- (B) Summary Assessment
- (C) Self-Assessment
- (D) Best of his judgement

## Question .26



In case of summary assessment, where the taxable person is not identified and such tax liability is related to supply of goods, then the person shall be treated as taxable person and shall be liable to



pay tax.

- (A) Supplying such goods
- (B) In charge of such goods
- (C) Delivering such goods
- (D) None of the above

#### Question 27

**Who is authorised to undertake the audit of a registered person u/s 65?**

- (A) The Commissioner of CGST/Commissioner of SGST
- (B) Any officer authorised by Commissioner of CGST/Commissioner of SGST by way of a general or a specific order.
- (C) Only (A)
- (D) (A) or (b)

#### Question 28

**Whether any reason to believe or evidence is required for initiation of audit u/s 65?**

- (A) Reason to believe is a prerequisite for initiation of audit u/s 65.
- (B) Proper evidence is a prerequisite for initiation of audit u/s 65.
- (C) (A) & (b)
- (D) No, Sec 65 does not specify any such requirements.

#### Question 29

**The tax authorities may conduct audit u/s 65 at:**

- (A) the place of business of the registered person
- (B) the place of residence of the registered person.
- (C) the office of the tax authorities.
- (D) (A) or (c)

#### Question 30

**Prior to the conduct of audit u/s 65 the registered person shall be informed, by way of a notice, sufficiently in advance:**

- (A) Not less than fifteen working days
- (B) Not less than thirty working days
- (C) Not less than ten working days
- (D) No prior intimation required

#### Question 31

**The time limit for completion of the audit u/s 65(1) is:**

- (A) six months from the date of commencement of audit
- (B) three months from the date of commencement of audit
- (C) One year from the date of commencement of audit
- (D) None of the above.

#### Question 32

**Where the Commissioner is satisfied that audit u/s 65 in respect of such registered person cannot be completed within three months from the date of commencement of audit the time limit can be extended:**

- (A) by a further period not exceeding six months
- (B) by a further period not exceeding three months
- (C) by a further period not exceeding nine months
- (D) no extension of time limit is permissible

#### Question 33

**During the course of audit, the authorised officer may require the registered person:**

- (A) to afford him the necessary facility to verify the books of account or other documents as he may require
- (B) to furnish such information as he may require and render assistance for timely completion of the audit
- (C) (A) and/or (b)
- (D) Only A

#### Question 34

**Special audit u/s 66 can be directed at any stage of scrutiny, enquiry, investigation or any other proceedings having regard to nature and complexity of the case if, any officer not below the rank of Assistant Commissioner:**

- (A) is of the opinion that the value has not been correctly declared
- (B) the credit availed is not within the normal limits
- (C) assessee does not co-operate
- (D) a) or b)

#### Question 35

**Who can direct the registered person to get its records specially audited u/s 66?**

- (A) An officer not below the rank of Assistant Commissioner, with the prior approval of the Commissioner
- (B) An officer not below the rank of Joint/ Additional, with the prior approval of the Chief Commissioner
- (C) An officer not below the rank of Chief Commissioner, with the prior approval of the Principle Chief Commissioner
- (D) None of the above.

#### Question 36

**Who is authorised to conduct the special audit including books of account u/s 66?**

- (A) Chartered Accountant as may be nominated by the Commissioner.
- (B) Cost and Works Accountant as may be nominated by the Commissioner.
- (C) (A) or (b)

- ① Any officer as may be nominated by the Additional Director

### Question .37

The time limit to submit a report of the audit u/s 66 is:

- Ⓐ within the period of ninety days without any extension of time
- Ⓑ within the period of sixty days without any extension of time
- Ⓒ within the period of ninety days. The Assistant Commissioner may, on an application made to him in this behalf or for any material and sufficient reason, extend the said period by another ninety days.
- Ⓓ None of the above.

### Question .38

The expenses of audit u/s 66 is determined and paid by:

- Ⓐ the Commissioner.
- Ⓑ the Deputy/ Assistant Commissioner with prior approval of the Commissioner.
- Ⓒ the registered person.
- Ⓓ Any of the above.

### Question .39

Audit u/s 65 can be undertaken in case of:

- Ⓐ Taxable Person
- Ⓑ Unregistered Person
- Ⓒ Registered Person
- Ⓓ All of above

### Question .40

"Commencement of audit" shall mean the date on which the records and other documents

- Ⓐ called for by the tax authorities, are made available by the registered person
- Ⓑ the actual institution of audit at the place of business
- Ⓒ (A) or (b), whichever is earlier
- Ⓓ (A) or (b), whichever is later

### Question .41

On conclusion of audit by the tax authorities, the proper officer shall, within \_\_\_\_\_ inform the registered person, about the findings.

- Ⓐ 15 days
- Ⓑ 30 days
- Ⓒ 45 days
- Ⓓ 60 days

### Question .42

What shall be the period of audit in case the same is performed by the professionals?

- Ⓐ Calendar Year
- Ⓑ Financial Year
- Ⓒ Either a) or b) depending at the option of the professional
- Ⓓ Either a) or b) depending at the option of the person who is getting the books audited.

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                               |
|------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | C              | As per the section 63, best judgement assessment in case of unregistered person the proper officer can issue notice under Form GST ASMT 14. The person need to reply within 15 days of notice If not proper office can issue order in Form GST ASMT 15.                                   |
| 2    | A              | As per section 63 & 6, BJA order within 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.                                                                                                                     |
| 3    | B              | The interest on the difference amount of 10000 is payable from the first day after the due date of payment of tax for the month of August i.e. 20th September till the actual date of payment i.e. 20 Feb of the next year in the current case<br>No of days 10+31+30+31+31+20 = 153 days |
| 4    | C              | As per section 60 ,<br>1. Where the taxable person is unable to determine the value of goods or services or both or;<br>2. Determine the rate of tax, they can apply for provisional assessment                                                                                           |
| 5    | A              | The provisional assessment sought by a taxable person can be used by the taxable person who has sought the provisional assessment.                                                                                                                                                        |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| 6 | D | As per the section 60(2), The payment of tax on provisional basis may be allowed, if the taxable person executes a bond in such form as may be prescribed, and with such surety or security as the proper officer may deem fit, binding the taxable person for payment of the difference between the amount of tax as may be finally assessed and the amount of tax provisionally assessed.                                                                                                                                                                                                                                        |
| 7 | A | As per Sec 60, Within 6 months from the date of the provisional assessment order under ASMT -04 + 6 months by Addl/Joint Commissioner + 4 years by the commissioner                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 8 | A | As per Sec 60(3), The proper officer shall, within a period not exceeding six months from the date of the communication of the order issued under sub-section (1), pass the final assessment order after taking into account such information as may be required for finalizing the assessment;<br>Provided that the period specified in this sub-section may, on sufficient cause being shown and for reasons to be recorded in writing, be extended by the Joint Commissioner or Additional Commissioner for a further period not exceeding six months and by the Commissioner for such further period not exceeding four years. |
| 9 | A | As per the section 60(4), The registered person shall be liable to pay interest on any tax payable on the supply of goods or services or both under provisional assessment but not paid on the due date, at the rate specified under sub-section (1) of section 50, from the first day after the due date of payment of tax in respect of the said supply of goods or services or both till the date of actual payment, whether such amount is paid before or after the issuance of order for final assessment.                                                                                                                    |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | C | As per Sec 60(5), Where the registered person is entitled to a refund consequent to the order of final assessment under sub-section (3), subject to the provisions of sub-section (8) of section 54, interest shall be paid on such refund as provided in section 56.<br>As per Sec 56, If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under subsection (1) of that section, interest at such rate not exceeding six per cent. as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax. |
| 11 | B | As per the section 60(4), Differential tax payable has to be paid on determination of final assessment along with interest specified under Section 50.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 12 | C | As per the section 61, Returns submitted under Section 39 will be self-assessed and proper officer may select any return for scrutiny.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 13 | B | No time limit has been prescribed as of now, however same may be prescribed in the rules.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 14 | D | As per Sec 61(3), In case no satisfactory explanation is furnished for the discrepancies within a period of thirty days of being informed by the proper officer or such further period as may be permitted proper officer may initiate appropriate action: a) Under Section 65 or Section 66 (Audit & Special Audit) b) Section 67,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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|    |   | (Inspection, Search Seizure) c) Proceed to determine the tax and other dues under Section 73 or Section 74.                                                                                                                                                                                                                                                                                                                                                                                        |
| 15 | B | As per Sec 62(2), Return has to be filed by registered person who has failed to submit return under Section 39 (i.e., GSTR - 3B) or Section 45 (GSTR-10) within 30 days from service the assessment order upon filing of such return order shall be deemed to have been withdrawn                                                                                                                                                                                                                  |
| 16 | D | As per the section 62, Best Judgment Assessment order will be passed within 5 years from the due date of furnishing annual return for the relevant period.                                                                                                                                                                                                                                                                                                                                         |
| 17 | D | As per the section 62, Best Judgment Assessment order will be passed in within 5 years from the due date of furnishing annual return for the relevant period.                                                                                                                                                                                                                                                                                                                                      |
| 18 | B | As per the section 62(2) (BJA in case of non filers of returns), Where the registered person furnishes a valid return within thirty days of the service of the assessment order under sub-section (1), the said assessment order shall be deemed to have been withdrawn but the liability for payment of interest under sub-section (1) of section 50 or for payment of late fee under section 47 shall continue                                                                                   |
| 19 | D | As per Sec 63., Notwithstanding anything to the contrary contained in section 73 or section 74, where a taxable person fails to obtain registration even though liable to do so or whose registration has been cancelled under sub-section (2) of section 29 but who was liable to pay tax, the proper officer may proceed to assess the tax liability of such taxable person to the best of his judgment for the relevant tax periods and issue an assessment order within a period of five years |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | from the date specified under section 44 for furnishing of the annual return for the financial year to which the tax not paid relates: Provided that no such assessment order shall be passed without giving the person an opportunity of being heard.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 20 | D | As per Sec 63, Notwithstanding anything to the contrary contained in section 73 or section 74, where a taxable person fails to obtain registration even though liable to do so or whose registration has been cancelled under sub-section (2) of section 29 but who was liable to pay tax, the proper officer may proceed to assess the tax liability of such taxable person to the best of his judgment for the relevant tax periods and issue an assessment order within a period of five years from the date specified under section 44 for furnishing of the annual return for the financial year to which the tax not paid relates: Provided that no such assessment order shall be passed without giving the person an opportunity of being heard. |
| 21 | A | As per Sec 64(1), The proper officer may, on any evidence showing a tax liability of a person coming to his notice, with the previous permission of Additional Commissioner or Joint Commissioner, proceed to assess the tax liability of such person to protect the interest of revenue and issue an assessment order, if he has sufficient grounds to believe that any delay in doing so may adversely affect the interest of revenue                                                                                                                                                                                                                                                                                                                  |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22 | C | As per section 64(2), On an application made by the taxable person within thirty days from the date of receipt of order passed under sub-section (1) or on his own motion, if the Additional Commissioner or Joint Commissioner considers that such order is erroneous, he may withdraw such order and follow the procedure laid down in section 73 or section 74.                                                                                                                                                                                                                                                                                                           |
| 23 | B | The proper officer shall examine the application and if required any further information or document in support of the request, he may issue a notice seeking additional information in FORM GST ASMT-02                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 24 | C | if a registered person liable to pay tax has not paid with the due date, then he shall be liable to pay interest 18% p a from the first day after due date actual date of payment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 25 | D | Where a taxable person fails to obtain registration even though liable to do so, proper officer may proceed for Best of his judgement to assess the tax liability of such taxable person the relevant tax periods under the section 63                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 26 | B | As per Sec 64(1), The proper officer may, on any evidence showing a tax liability of a person coming to his notice, with the previous permission of Additional Commissioner or Joint Commissioner, proceed to assess the tax liability of such person to protect the interest of revenue and issue an assessment order, if he has sufficient grounds to believe that any delay in doing so may adversely affect the interest of revenue: Provided that where the taxable person to whom the liability pertains is not ascertainable and such liability pertains to supply of goods, the person in charge of such goods shall be deemed to be the taxable person liable to be |

|    |   |                                                                                                                                                                                                                                                                                                                                         |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | assessed and liable to pay tax and any other amount due under this section.                                                                                                                                                                                                                                                             |
| 27 | D | As per Section, 65(1) The Commissioner or any officer authorized by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed.                                                                                              |
| 28 | A | Reason to believe is a prerequisite for initiation of audit u/s 65.                                                                                                                                                                                                                                                                     |
| 29 | D | As per Section 65(2), The officers referred to in sub-section (1) may conduct audit at the place of business of the registered person or in their office.                                                                                                                                                                               |
| 30 | A | As per Section 65 (3), The registered person shall be informed by way of a notice under ADT 01 not less than fifteen working days prior to the conduct of audit in such manner as may be prescribed.                                                                                                                                    |
| 31 | A | As per the Proviso of section 65(4), where the Commissioner is satisfied that audit in respect of such registered person cannot be completed within three months, he may, for the reasons to be recorded in writing, extend the period by a further period not exceeding six months.                                                    |
| 32 | C | As per Section 65(5), During the course of audit, the authorised officer may require the registered person,- (i) to afford him the necessary facility to verify the books of account or other documents as he may require; (ii) to furnish such information as he may require and render assistance for timely completion of the audit. |
| 33 | D | As per Section 66 (1), If at any stage of scrutiny, inquiry, investigation or any other proceedings before him, any officer not below the rank of Assistant Commissioner,                                                                                                                                                               |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | having regard to the nature and complexity of the case and the interest of revenue, is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits, he may, with the prior approval of the Commissioner, direct such registered person by a communication in writing to get his records including books of account examined and audited by a chartered accountant or a cost accountant as may be nominated by the Commissioner.                                                                           |
| 34 | A | As per Section 66(1), If at any stage of scrutiny, inquiry, investigation or any other proceedings before him, any officer not below the rank of Assistant Commissioner, having regard to the nature and complexity of the case and the interest of revenue,                                                                                                                                                                                                                                                                                                      |
|    |   | direct such registered person by a communication in writing to get his records including books of account examined and audited by a chartered accountant or a cost accountant as may be nominated by the Commissioner.                                                                                                                                                                                                                                                                                                                                            |
| 35 | C | as per section 66(2) The chartered accountant or cost accountant so nominated by commissioner shall complete audit                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 36 | C | As per Section 66(2), The chartered accountant or cost accountant so nominated shall, within the period of ninety days, submit a report of such audit duly signed and certified by him to the said Assistant Commissioner mentioning therein such other particulars as may be specified: Provided that the Assistant Commissioner may, on an application made to him in this behalf by the registered person or the chartered accountant or cost accountant or for any material and sufficient reason, extend the said period by a further period of ninety days. |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 37 | A | As per Section 66 (5), The expenses of the examination and audit of records under sub-section (1), including the remuneration of such chartered accountant or cost accountant, shall be determined and paid by the Commissioner and such determination shall be final.                                                                                                                                                                                                                                                                                                                                                                                           |
| 38 | C | As per Section 65(1), The Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 39 | D | As per section 66(1), If at any stage of scrutiny, inquiry, investigation or any other proceedings before him, any officer not below the rank of Assistant Commissioner, having regard to the nature and complexity of the case and the interest of revenue, is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits, he may, with the prior approval of the Commissioner, direct such registered person by a communication in writing to get his records including books of account examined and audited by a chartered accountant or a cost accountant as may be nominated by the Commissioner. |
| 40 | D | As per the explanation to the section 65(4) Explanation.-- For the purposes of this sub-section, the expression "commencement of audit" shall mean the date on which the records and other documents, called for by the tax authorities, are made available by the registered person or the actual institution of audit at the place of business, whichever is later.                                                                                                                                                                                                                                                                                            |

|    |   |                                                                                                                                                                                                                                        |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 41 | B | As per Section 65(6), On conclusion of audit, the proper officer shall, within thirty days, inform the registered person, whose records are audited, about the findings, his rights and obligations and the reasons for such findings. |
| 42 | B | As per Rule 101(1). The period of audit to be conducted under sub-section (1) of section 65 shall be financial year 1 [or part thereof] or multiples thereof.                                                                          |

NOTES

NOTES

# APPEALS AND REVISION

## Question 1

What is the time limit for appeal to appellate tribunal by the department?

- (A) 3 months + 1 month condonation of delay
- (B) 6 months + 3 months condonation of delay
- (C) 6 months + 1 month condonation of delay
- (D) 6 months + 3 months condonation of delay

## Question 2

An appeal to the High Court can be filed under the CGST Act, 2017 in the following cases: I. By a person aggrieved against the order passed by the State bench or Area bench of the Appellate Tribunal. II. By a person aggrieved against the order passed by the National bench or Regional bench of the Appellate Tribunal. III. For matter involving substantial question of law. IV. All of the above. Choose the correct option from the following:

- (A) (i) and (ii)
- (B) (i) and (iii)
- (C) (ii) and (iii)
- (D) (iv)

## Question 3

State whether following statements are true or false:

- I Any person aggrieved by any decision or order passed by an adjudicating authority under the CGST Act, 2017 may appeal to such Appellate Authority as may be prescribed within 3 months from the date on which the said decision or order is communicated to him.
  - II No appeal shall be filed to Appellate Authority unless the appellant has paid sum equal to twenty five percent of the remaining amount of tax in dispute arising from the said order, in relation to which appeal is filed.
  - III Adjournment of appeal shall not be granted more than three times to a party during hearing of the appeal.
  - IV The Appellate Authority shall have the power to refer back the case to adjudicating authority that passed the said decision or order.
- (A) True, True, True, False
  - (B) False, True, True, False
  - (C) True, False, True, False
  - (D) False, False, False, True

## Question 4

Mr. A, a sole proprietor, has to appear before the Appellate Authority. He decides to appear through an authorized representative. Which of the following persons can be appointed as 'authorized representative' of Mr. A under GST law?

- I Sohan, his son, who has been dismissed from a Government service lately.
  - II Rohan, a Company Secretary, who has been adjudged insolvent.
  - III Mukul, a practicing High Court advocate.
- (A) (i) and (ii)
  - (B) (ii) and (iii)
  - (C) (iii)
  - (D) (ii)

## Question 5

\_\_\_\_\_ shall lie against any decision or order passed by a GST officer if such decision taken or order passed relates to transfer of proceeding from one officer to another officer.

- (A) No appeal
- (B) Appeal
- (C) Appeal at discretion of the aggrieved person
- (D) Any of the above

## Question 6

What is the time limit for filing memorandum of cross objections before Tribunal?

- (A) 15 days
- (B) 30 days
- (C) 45 days
- (D) 60 days

## Question 7

Mr. R furnished an application in FORM GST APL-01 for filing an appeal against an order issued by the department on 20th September, 2018. Consequently a provisional acknowledgement was issued to him immediately. Mr. R also furnished a certified copy of order to the appellate authority on 25th September, 2018. What shall be the date of filing of appeal in this case? (If such order is not uploaded on common portal)

- (A) 20th September, 2018
- (B) 25th September, 2018
- (C) Either (A) or (b) at the option of appellate authority
- (D) None of the above

## Question 8

What is the time limit provided to the Commissioner to get an appeal filed against any order passed or proceedings carried under an Adjudicating Authority under the Act?

- (A) 3 months
- (B) 4 months
- (C) 5 months
- (D) 6 months



Question .9 

Which form is used for filing an appeal against an order of Adjudicating Authority, by the authorized officer, on an order of Commissioner to the Appellate Authority?

- (A) Form GST APL-03
- (B) Form GST APL-04
- (C) Form GST APL-05
- (D) None of the above

Question .10 

What is the concept of condonation of delay in case of appeal to Appellate Authority?

- (A) Extension of appeal filing time limit of 3 months for a period of a month on being satisfied of the appropriate cause of prevention of presentation of such appeal under section 107(1)
- (B) Extension of appeal filing time limit of 6 months for a period of a month on being satisfied of the appropriate cause of prevention of presentation of such appeal under section 107(2)
- (C) Both (A) or (b)
- (D) None of the above

Question .11 

What are the circumstances under which period allowed to the Appellate Authority to decide any appeal be excluded completely?

- (A) Issuance of order is stayed by the Court
- (B) Issuance of order is stayed by the Tribunal
- (C) (A) or (B)
- (D) None of the above

Question .12 

Revisional Authority may call for or examine the records or documents of any proceedings:

- (A) On his own motion (Suo mote)
- (B) Upon information received by it
- (C) On request from the Commissioner of ST/UT tax
- (D) Any of the above

Question .13 

Power of Revisional Authority as provided under section 108(1) is subject to restrictions as provisioned under section 108(2) of the CGST Act. What are such instances?

- (A) The order has been subject to an appeal under section 107 or section 112 or section 117 or section 118
- (B) The period specified under sub-section (2) of section 107 has not yet expired or more than three years have expired after the passing of the decision or order sought to be revised
- (C) The order has already been taken for revision under this section at an earlier stage

- (D) Any of the above

Question .14 

What is the amount of fees provided for restoration of appeal?

- (A) ₹ 1,000 per Lac amount of tax or ITC involved
- (B) Difference of tax or ITC involved or interest, fee, or penalty
- (C) Either of (A) or (B) subject to the maximum of ₹ 25,000
- (D) Either of (A) or (B) subject to the maximum of ₹ 50,000

Question .15 

What are the instances under which additional evidence is called upon and allowed to be submitted by the appellant with the Appellate Tribunal?

- (A) Where the adjudicating authority or, Appellate Authority has refused to admit evidence which ought to have been admitted
- (B) Where the appellant was prevented by sufficient cause from producing the evidence which he was called upon to produce by the adjudicating authority or, as the case may be, the Appellate Authority
- (C) Where the appellant was prevented by sufficient cause from producing before the adjudicating authority or, as the case may be, the Appellate Authority any evidence which is relevant to any ground of appeal
- (D) Any of the above

Question .16 

The Maximum time a hearing is allowed for adjournment under sec 107 is

- (A) 3 times
- (B) 2 times
- (C) 4 times
- (D) 5 times

Question .17 

The National benches or Regional benches shall have the jurisdiction to hear appeals against the order passed by the appellate authority or the Revisional authority in case where one matter is related to

- (A) Registration
- (B) Place of supply
- (C) Supply
- (D) Exemptions

Question .18 

The appellate tribunal may in its discretion refuse

to admit any such appeal where the amount of fine, fee or penalty determined by such order does not exceed

- (A) ₹ 25000
- (B) ₹ 50000
- (C) ₹ 75000
- (D) ₹ 100000

**Question .19** 

Which of the following are not covered in the ambit of adjudicating authority?

- (A) Revisional Authority
- (B) Appellate Authority for advance ruling
- (C) CBIC
- (D) All of the above

**Question .20** 

Where any appeal is filed by any authorized officer under the direction or order of Commissioner, who shall be considered as appellant for the purpose of this appeal?

- (A) The Commissioner
- (B) The Authorized Officer filing such appeal
- (C) Either (a) or (b) at the option of appellate authority
- (D) None of the above

**Question .21** 

What shall be the due course of action, in case of hearing of any appeal, where any member of the bench is not present during such hearing?

- (A) The hearing shall stand cancelled
- (B) Such hearing shall be made by bench of remaining two members
- (C) Hearing shall be handed over to superior authority
- (D) None of the above

**Question .22** 

What are the instances under which an appeal can be heard by a single member of the Bench?

- (A) Tax or Input Tax Credit amount involved in appeal does not exceed ₹ 5 lakhs
- (B) Difference in the tax or ITC amount does not exceed ₹ 5 lakhs
- (C) Fine, fee or Penalty determined in an order appealed against does not exceed ₹ 5 lakhs
- (D) Any of the above

**Question .23** 

Who shall a person appeal if aggrieved by the order of decision of National or Regional Benches of Appellate Tribunal?

- (A) Supreme Court
- (B) High Court
- (C) District Court

- (D) None of the above

**Question .24** 

What is the time period prescribed to the Appellate Authority to decide an appeal under the Act?

- (A) 6 months
- (B) 1 year
- (C) 2 years
- (D) 3 years

**Question .25** 

What is the time period provided within which a retired officer of commercial tax department of any State Government or Union Territory or of board cannot represent himself as an authorized representative?

- (A) 6 months
- (B) 1 year
- (C) 2 years
- (D) 3 years

**Question .26** 

What shall be the period for which interest shall be paid the Appellant on the refund of amount paid by him as required by the Appellate Authority and Appellate Tribunal?

- (A) From the date of payment till the date of order of such refund
- (B) From the date of order till the date of refund
- (C) From the date of payment of such amount till the date of refund
- (D) None of the above

**Question .27** 

What are the instances under which an order passed by the Appellate Tribunal could be amended by the Tribunal itself?

- (A) Where any error is apparent from record
- (B) If any error is brought to its notice by the Commissioner or Commissioner of State tax or the Commissioner of the Union Territory tax or the other party to the Appeal
- (C) Both (a) & (b)
- (D) None of the above

**Question .28** 

The adjudicating authority determined ₹ 50 lakh as tax, interest and penalty to be payable by Mr. X on account of wrong availment of input tax credit. Mr. X wants to prefer an appeal before the first Appellate Authority against such orders. Out of ₹ 50 lakh, Mr. X admitted ₹ 15 lakh as his liability and wants to litigate for ₹ 35 lakh. Calculate the amount of pre-deposit to be paid by Mr. X.

- (A) ₹ 18,50,000/-
- (B) ₹ 22,00,000/-

© ₹ 50,00,000/-

© ₹ 15,00,000/-

Question .29 

A taxpayer is served with an adjudication order on 25th May 2021. The Revisional Authority can revise the order during the period between \_\_\_\_\_.

- (A) 26th May 2021 and 25th May 2024  
 (B) 26th November 2021 and 25th May 2024  
 (C) 26th May 2021 and 25th May 2022  
 (D) 26th May 2021 and 25th November 2021

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | b              | As per Sec. 112 The Commissioner may, on his own motion, or upon request from the Commissioner of State tax or Commissioner of Union territory tax, call for and examine the record of any order passed by the Appellate Authority or the Revisional Authority under this Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act for the purpose of satisfying himself as to the legality or propriety of the said order and may, by order, direct any officer subordinate to him to apply to the Appellate Tribunal within six months from the date on which the said order has been passed for determination of such points arising out of the said order as may be specified by the Commissioner in his order. Appellate Tribunal may condone the delay up to 3 months, if it is satisfied that there was sufficient cause for delay. |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | b | (i) As Per section 117, An appeal to the High Court can be filed under the CGST Act, 2017 in the following cases: By a person aggrieved against the order passed by the State bench or Area bench of the Appellate Tribunal. For matter involving substantial question of law. By a person aggrieved against the order passed by the National bench or Regional bench of the Appellate Tribunal cannot be appeal in the high court since dispute with respect to the place of supply are taken to the National bench or Regional bench of the Appellate Tribunal after that it is directly appealed to the supreme court                                                                                                                                                                                                                 |
| 3 | c | (i) As per Section 107(1), Any person aggrieved by any decision or order passed under this Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act by an adjudicating authority may appeal to such Appellate Authority as may be prescribed within three months from the date on which the said decision or order is communicated to such person.<br>(ii) As per Section 107(6) (b), No appeal shall be filed unless the appellant has paid a sum equal to ten per cent. of the remaining amount of tax in dispute arising from the said order 1 "subject to a maximum of twenty-five crore rupees", in relation to which the appeal has been filed.<br>(iii) As per the Proviso of section 107(9), No adjournment shall be granted more than three times to a party during hearing of the appeal. |

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|   |   | (iv) As per Section 107(11), The Appellate Authority shall, after making such further inquiry as may be necessary, pass such order, as it thinks just and proper, confirming, modifying or annulling the decision or order appealed against but shall not refer the case back to the adjudicating authority that passed the said decision or order                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 4 | c | <p>The person eligible for appointed as the authorized representative</p> <ol style="list-style-type: none"> <li>Relative or regular employee of the registered person</li> <li>Advocate in practice</li> <li>CA, CMA, CS in practice</li> <li>Retired tax officer (after expiry of one year from the date of resignation or date of retirement.</li> <li>Authorized GST Practitioner. Above person should not be found person (a) who has been dismissed or removed from Government service; or (b) who is convicted of an offence connected with any proceedings under this Act, the State Goods and Services Tax Act, the Integrated Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, or under the existing law or under any of the Acts passed by a State Legislature dealing with the imposition of taxes on sale of goods or supply of goods or services or both; or (c) who is found guilty of misconduct by the prescribed authority; (d) who has been adjudged as an insolvent.</li> </ol> |

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| 5 | a | <p>As per section 121, Notwithstanding anything to the contrary in any provisions of this Act, no appeal shall lie against any decision taken or order passed by an officer of central tax if such decision taken or order passed relates to any one or more of the following matters, namely:-</p> <ol style="list-style-type: none"> <li>an order of the Commissioner or other authority empowered to direct transfer of proceedings from one officer to another officer; or</li> <li>an order pertaining to the seizure or retention of books of account, register and other documents; or</li> <li>an order sanctioning prosecution under this Act; or (d) an order passed under section 80. (i.e., payment of dues in installment)</li> </ol> |
| 6 | c | <p>As per Section 112(5), On receipt of notice that an appeal has been preferred under this section, the party against whom the appeal has been preferred may, notwithstanding that he may not have appealed against such order or any part thereof, file, within forty-five days of the receipt of notice, a memorandum of cross-objections, verified in the prescribed manner, against any part of the order appealed against and such memorandum shall be disposed of by the Appellate Tribunal, as if it were an appeal presented within the time specified in sub-section (1).</p>                                                                                                                                                            |



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| 7  | a | As per Rule 108, where decision/order appealed against is not uploaded on the portal, the appellant shall submit a certified copy of the order within a period of 7 days from the date of filing APL - 01. If the certified copy submitted within 7 days then the date of provisional acknowledgment is considered as the date of filing appeal. If not submitted within 7 days, date of submission of certified copy is the date of filing an appeal                                                                                                                                            |
| 8  | d | As per the section 107, The Commissioner may, on his own motion, or upon request from the Commissioner of State tax or Commissioner of Union territory tax, call for and examine the record of any order passed by the adjudicating authority under this Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act for the purpose of satisfying himself as to the legality or propriety of the said order and may, by order, direct any officer subordinate to him to apply to the Appellate authority within six months from the date of commission order. |
| 9  | a | As per the Rule 109, Application to the Appellate Authority.- (1) An application to the Appellate Authority under sub-section (2) of section 107 shall be filed in FORM GST APL-03, along with the relevant documents, either electronically or otherwise as may be notified by the Commissioner and a provisional acknowledgment shall be issued to the appellant immediately.                                                                                                                                                                                                                  |
| 10 | c | As per section 107(4), The Appellate Authority may, if he is satisfied that the appellant was prevented by sufficient cause from presenting the appeal within the aforesaid period of three months or six months, as the case may be, allow it to be presented within a further period of one month.                                                                                                                                                                                                                                                                                             |

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| 11 | c | As per section 107(13), The Appellate Authority shall, where it is possible to do so, hear and decide every appeal within a period of one year from the date on which it is filed. Provided that where the issuance of order is stayed by an order of a court or Tribunal, the period of such stay shall be excluded in computing the period of one year.                                                    |
| 12 | d | As per Section 108(1), Subject to the provisions of section 121 and any rules made thereunder, the Revisional Authority may, on his own motion, or upon information received by him or on request from the Commissioner of State tax, or the Commissioner of Union territory tax, call for and examine the record of any proceedings.                                                                        |
| 13 | d | As per the section 108(2), The Revisional Authority shall not exercise any power under sub-section (1), if-<br>(a) the order has been subject to an appeal under section 107                                                                                                                                                                                                                                 |
|    |   | or section 112 or section 117 or section 118; or<br>(b) the period specified under sub-section (2) of section 107 has not yet expired or more than three years have expired after the passing of the decision or order sought to be revised; or<br>(c) the order has already been taken for revision under this section at an earlier stage; or<br>(d) the order has been passed by the revisional authority |
| 14 | c | As per the rule 110(5), The fees for filing of appeal or restoration of appeal shall be one thousand rupees for every one lakh rupees of tax or input tax credit involved or the difference in tax or input tax credit involved or the amount of fine, fee or penalty determined in the order appealed against, subject to a maximum of twenty five thousand rupees.                                         |

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| 15 | D | As per the Rule 112, of CGST Rules 2017, The appellant shall not be allowed to produce before the Appellate Authority or the Appellate Tribunal any evidence, whether oral or documentary, other than the evidence produced by him during the course of the proceedings before the adjudicating authority or, as the case may be, the Appellate Authority except in the following circumstances, namely:-<br>(a) where the adjudicating authority or, as the case may be, the Appellate Authority has refused to admit evidence which ought to have been admitted; or<br>(b) where the appellant was prevented by sufficient cause from producing the evidence which he was called upon to produce by the adjudicating authority or, as the case may be, the Appellate Authority; or<br>(c) where the appellant was prevented by sufficient cause from producing before the adjudicating authority or, as the case may be, the Appellate Authority any evidence which is relevant to any ground of appeal. |
| 16 | a | As per the section 107(9), The Appellate Authority may, if sufficient cause is shown at any stage of hearing of an appeal, grant time to the parties or any of them and adjourn the hearing of the appeal for reasons to be recorded in writing: Provided that no such adjournment shall be granted more than three times to a party during hearing of the appeal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 17 | b | As per the section 109 (5), The National Bench or Regional Benches of the Appellate Tribunal shall have jurisdiction to hear appeals against the orders passed by the Appellate Authority or the Revisional Authority in the cases where one of the issues involved relates to the place of supply.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| 18 | b | As per the section 112(2), The Appellate Tribunal may, in its discretion, refuse to admit any such appeal where the tax or input tax credit involved or the difference in tax or input tax credit involved or the amount of fine, fee or penalty determined by such order, does not exceed fifty thousand rupees.                                                                                                 |
| 19 | d | As per Sec. 2(4) of CGST Act, Adjudicating authority means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of Indirect Taxes and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, the Appellate Tribunal and the Anti profiteering authority |
| 20 | b | As per Sec. 107(3), Application to be treated as appeal. Such application shall be dealt with by the AA as if it were an appeal made against the decision/ order of the adjudicating authority and the authorised officer filing such appeal treated as appellant.                                                                                                                                                |
| 21 | b | As per Sec. 109, In the absence of a Member in any Bench due to vacancy or otherwise, any appeal may, with the approval of the President or, as the case may be, the State President, be heard by a Bench of two Members.                                                                                                                                                                                         |
| 22 | d | As per Sec. 109, any appeal where the tax or ITC involved or the difference in tax or ITC involved or the amount of fine, fee or penalty determined in any order appealed against, does not exceed ₹ 5,00,000 and which does not involve any question of law may, with the approval of the President, be heard by a bench consisting of a single member                                                           |

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| 23 | a | As per Sec. 109, An appeal against the decision of the National Bench lies directly to the Supreme Court and an appeal from the decision of the State Bench will lie to the jurisdictional High Court, on substantial questions of law                                                                                                                                                               |
| 24 | b | As per Sec. 107, The law provides an advisory time limit of 1 year from date of filing of appeal for the AA to decide the appeal. The period of stay ordered by any Court or Tribunal shall be excluded in computing the period of 1 year.                                                                                                                                                           |
| 25 | b | As per Sec. 116, It is provided that specified indirect tax gazetted officers can appear as authorised representative after one year from the date of their retirement/resignation                                                                                                                                                                                                                   |
| 26 | c | As per Sec. 115, If the pre-deposit made by the appellant before the AA or the Tribunal is required to be refunded consequent to any order of the AA or of the Tribunal, as the case may be, interest as provided under section 56 shall be payable from the date of payment of the amount (and not from the date of the order of the AA or of the Tribunal) till the date of refund of such amount. |
| 27 | c | As per Sec. 113, The Tribunal may amend any order passed by it so as to rectify any error apparent on the face of the record if such error is noticed in the order by its own accord, or is brought to its notice by the Commissioner or SGST/UTGST Commissioner or the other party to the appeal within a period of 3 months from the date of the order.                                            |
| 28 | a | Pre-deposit in case of 1st appeal is 100% of the admitted due + 10% of disputed tax, subject to max. ₹ 25 Crores. In the present case, pre-deposit is Rs. 15 lakhs + Rs. 35 lakhs × 10% = Rs. 18.5 lakhs.                                                                                                                                                                                            |

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| 29 | b | Revisional authority under Sec. 108 can take up the order for revision, after 6 months from adjudication order and should pass the order within 3 years from adjudication order i.e., on or before 25th May 2024. |
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## NOTES

# INSPECTION, SEARCH AND SEIZURE

## Question .1

For which of the following acts done by a taxable person, inspection can be ordered under GST law?

- (i) Suppression of any transaction of supply of goods or services
- (ii) Suppression of stock of goods in hand
- (iii) Contravention of any of the provisions of the GST law to evade tax

- (A) (i), (ii)
- (B) (i), (iii)
- (C) (ii), (iii)
- (D) (i), (ii), (iii)

## Question .2

Initiation of action under this section 67 is by a Proper Officer not below the rank of \_\_\_\_\_

- (A) Superintendent
- (B) Inspector
- (C) Joint Commissioner
- (D) Commissioner

## Question .3

Which are the places of business / premises which can be inspected by the proper officer under this section?

- (A) Any places of business of a taxable person
- (B) Any places of business of a taxable person engaged in the business of transporting goods
- (C) Any places of business of an owner or an operator of a warehouse or godown or any other place.
- (D) All of the above

## Question .4

When the seized goods be released?

- (A) On payment of applicable tax, interest, penalty
- (B) Upon execution of bond
- (C) At proper officer's discretion (A) & (B)
- (D) At the discretion of tax payer (A) or (B)

## Question .5

A proper officer may issue an authorization any other officer subordinate to him to carry out an inspection, if such proper officer has \_\_\_\_\_ that contravention of the provisions of the GST law is present.

- (A) Reason not to believe
- (B) Reason to believe
- (C) Whimsical Evidence of misconduct
- (D) Grounds of misconduct

## Question .6

If after carrying out inspection u/s 67(1), the proper officer is of the opinion that any goods or any documents or books shall be useful for any further proceedings, what can he do so in such a case?

- (A) The proper officer shall seal the goods or documents or books as the case maybe
- (B) The proper officer shall order the assessee to halt the operations associated with those goods or documents or such other things
- (C) The proper officer makes an order of seizure in the prescribed form
- (D) None of the above

## Question .7

Which power is granted to officer u/s 67?

- (A) Power to conduct search without search warrant
- (B) Power to seize the goods without order
- (C) Power to seal or break open the door, box, almirah during search
- (D) Power to seize the goods for unlimited period

## Question .8

\_\_\_\_\_ denotes an action of a Government machinery to go, look through examine carefully a place, area, person, object etc. in order to find something concealed or for the purpose of discovering evidence of a crime.

- (A) Search
- (B) Seizure
- (C) Inspection
- (D) Recovery

## Question .9

What is the time period within which the seized goods, documents or books should be returned if they have not been used for the said purpose?

- (A) 10 days
- (B) 15 days
- (C) 30 days
- (D) 45 days

## Question .10

What is the maximum time limit within which the seized goods should be released in case of non-serving of notice?

- (A) 60 days
- (B) Six months
- (C) Six days
- (D) Twelve months

## Question .11

Which records are required to be submitted under section 71(1)?

- (A) Statements of annual financial accounts, duly



audited, wherever required

- Ⓑ Cost audit report, if any, under section 148 of the Companies Act, 2013
- Ⓒ The income tax audit report, if any, under section 44AB of the Income-Tax Act
- Ⓓ All of the above

#### Question .12

The records should be submitted within \_\_\_\_ from the day when the demand in respect to the records maintained by the person is made.

- Ⓐ 15 days
- Ⓑ 10 days
- Ⓒ 25 days
- Ⓓ 30 days

#### Question .13

Can the seized goods under Sec. 129 be released on provisional basis upon execution of a bond and furnishing of security or on payment of applicable tax, interest and penalty?

- Ⓐ Yes, upon execution of bond for the amount specified by the officer
- Ⓑ Yes, upon execution of bond for the amount specified by the officer
- Ⓒ Depends on the discretion of proper officer
- Ⓓ Bond cannot be executed for release of goods

#### Question .14

Mr. Vidhan Kapoor transports some exempted goods worth ₹ 2,00,000 without bill of supply and taxable goods worth ₹ 5,00,000 (Excl. GST @ 12%) without tax invoice and E Way bill. Proper officer passed seizure order under section 129 of IGST Act and what is the penalty payable for release of goods, if the owner of goods come forward to claim release of goods?

- Ⓐ 64,000
- Ⓑ 1,24,000
- Ⓒ 5,20,000
- Ⓓ 2,60,000

#### Question .15

Mr. Karun Kapoor transports some exempted goods worth ₹ 2,00,000 without bill of supply and taxable goods worth ₹ 5,00,000 (Excl. GST @ 12%) without tax invoice and E Way bill. Proper officer passed seizure order under section 129 of CGST Act and what is the penalty payable for release of goods, if the owner of goods come forward to claim release of goods?

- Ⓑ 64,000
- Ⓑ 1,28,000
- Ⓒ 5,20,000
- Ⓓ 2,60,000

#### Question .16

Which of the following statement is correct

- Ⓐ If penalty under Sec. 129 is not paid, confiscation order shall be passed under Sec. 130
- Ⓑ Maximum redemption fine in case of confiscation order is Market value of goods
- Ⓒ Penalty shall be payable under Sec. 129 for release of conveyance, even though penalty is already paid for release of goods
- Ⓓ If penalty is not paid under Sec. 129, recovery will be initiated by proper officer after passing order under Sec. 74

#### Question .17

Mr. Prasad transported taxable goods worth ₹ 1,50,000 (Excl. GST @ 18%) without valid invoice and goods along with conveyance were seized. What is the penalty payable under Sec. 129 of CGST Act for release of conveyance when owner is not coming forward to claim release.

- Ⓐ 54,000
- Ⓑ 75,000
- Ⓒ 27,000
- Ⓓ 1,50,000

#### Question .18

Mr. Karthick transported taxable goods worth ₹ 1,50,000 (Excl. GST @ 18%) without valid invoice and goods along with conveyance were seized. What is the penalty payable under Sec. 129 of IGST Act for release of conveyance when owner is not coming forward to claim release.

- Ⓐ 54,000
- Ⓑ 75,000
- Ⓒ 27,000
- Ⓓ 1,50,000

#### Question .19

As per Sec. 72, which of the following officers are empowered to assist proper officer under GST for search, inspection or seizure

- (I) CBI
  - (II) Registrar of companies
  - (III) Police
  - (IV) Railways
  - (V) Customs
  - (VI) Health department
  - (VII) Village officers
- Ⓐ (iii), (iv) and (v)
  - Ⓑ (iii), (iv), (v) and (vi)
  - Ⓒ (iii), (iv), (v), (vii)
  - Ⓓ All the above

#### Question .20

While transporting goods by the transporter, proper officer has taken the goods in transit for inspection. Within how many hours of such inspection, summary

report shall be recorded by proper officer and in which form

- (A) Within 24 hours in Part A of EWB 03
- (B) Within 12 hours in Part A of EWB 02
- (C) Within 24 hours in Part B of EWB 03
- (D) Within 12 hours in Part B of EWB 02

#### Question 21



After detention or seizure, if the owner do not come forward for payment, the goods and conveyance shall be released on payment of the \_\_\_\_\_ in case of taxable goods

- (A) Applicable tax
- (B) Penalty equal to 50% of the value of goods
- (C) (A) or (B)
- (D) (A) and (B) both

#### Question 22



Is there any time limit in which the release of the detained or seized goods can be sought?

- (A) Yes after payment of tax & penalty within 07 days of the date of detention of goods.
- (B) Yes, after payment of tax & penalty within 15 days of the date of detention of goods.
- (C) No, there is no such limit
- (D) No, they will only be released on the Court order.

#### Question 23



After detention or seizure, if the owner do come forward for payment, the goods and conveyance shall be released on payment of the \_\_\_\_\_ in case of Exempted goods.

- (A) 2% Value of Goods or Rs 50000 Whichever is higher
- (B) 2% Value of Goods or Rs 25000 Whichever is higher
- (C) 2% Value of Goods or Rs 25000 Whichever is less
- (D) 5% Value of Goods or Rs 50000 Whichever is higher

#### Question 24



What is the maximum amount of redemption fine in case of confiscation of goods?

- (A) Market value of goods + the tax chargeable thereon
- (B) Market value of goods - the tax chargeable thereon
- (C) Market value of goods + the tax chargeable thereon + Cess
- (D) Market value of goods - the tax chargeable thereon - Cess

#### Question 25



What is the maximum amount of redemption fine in case of owner of the conveyance which carries the goods that are liable for confiscation?

- (A) Redemption Fine is equal to value of goods
- (B) Redemption Fine is equal to tax payable on the goods
- (C) Redemption Fine is equal to ₹ 50,000
- (D) A or B or C whichever is higher

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| 1    | D              | As per Section 67(1), Where the proper officer, not below the rank of Joint Commissioner, has reasons to believe that-- a taxable person has suppressed any transaction relating to supply of goods or services or both or the stock of goods in hand, or has claimed input tax credit in excess of his entitlement under this Act or has indulged in contravention of any of the provisions of this Act or the rules made thereunder to evade tax under this Act; inspection can be initiated                                                                                       |
| 2    | C              | As per Sec. 67, an officer not below the rank of joint commissioner can carry put inspection and can pass a seizure order.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 3    | D              | As per Section 67(1)(b), Any person engaged in the business of transporting goods or an owner or operator of a warehouse or a godown or any other place is keeping goods which have escaped payment of tax or has kept his accounts or goods in such a manner as is likely to cause evasion of tax payable under this Act, he may authorize in writing any other officer of central tax to inspect any places of business of the taxable person or the persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place. |

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| 4 | A | As per section 67(6), The goods so seized under sub-section (2) shall be released, on a provisional basis, upon execution of a bond and furnishing of a security, in such manner and of such quantum, respectively, as may be prescribed or on payment of applicable tax, interest and penalty payable, as the case may be.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 5 | B | As per Rule 139(1) of CGST Rules 2017, Where the proper officer not below the rank of a Joint Commissioner has reasons to believe that a place of business or any other place is to be visited for the purposes of inspection or search or, as the case may be, seizure in accordance with the provisions of section 67, he shall issue an authorisation in FORM GST INS-01 authorising any other officer subordinate to him to conduct the inspection or search or, as the case may be, seizure of goods, documents, books or things liable to confiscation.                                                                                                                                                                                                                                                                                                                                          |
| 6 | C | As per Section 67(2), Where the proper officer, not below the rank of Joint Commissioner, either pursuant to an inspection carried out under sub-section (1) or otherwise, has reasons to believe that any goods liable to confiscation or any documents or books or things, which in his opinion shall be useful for or relevant to any proceedings under this Act, are secreted in any place, he may authorise in writing any other officer of central tax to search and seize or may himself search and seize such goods, documents or books or things: Provided that where it is not practicable to seize any such goods, the proper officer, or any officer authorised by him, may serve on the owner or the custodian of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer: Provided further that the |

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|    |   | documents or books or things so seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceedings under this Act.                                                                                                                                                                                                                                                                   |
| 7  | C | As per Section 67 (4), The officer authorised shall have the power to seal or break open the door of any premises or to break open any almirah, electronic devices, box, receptacle in which any goods, accounts, registers or documents of the person are suspected to be concealed, where access to such premises, almirah, electronic devices, box or receptacle is denied.                                                                           |
| 8  | A | As per the dictionary meanings and as noted in different judicial pronouncements, the term 'search', in simple language, denotes an action of a government machinery to go, look through or examine carefully a place, area, person, object etc. in order to find something concealed or for the purpose of discovering evidence of a crime. The search of a person or vehicle or premises etc. can only be done under proper and valid authority of law |
| 9  | C | The seized documents/books/ things shall be retained only till the time the same are required for examination/ enquiry/ proceedings and if these are not relied on for the case then the same shall be returned within 30 days from the issuance of show cause notice                                                                                                                                                                                    |
| 10 | B | In case of seizure of goods, a notice has to be issued within six months, if no notice is issued within a period of six months then all such goods shall be returned. However, this period of six months can be extended by Commissioner for another six months on sufficient cause.                                                                                                                                                                     |

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| 11 | D | <p>The following records are to be produced before proper officer, if called for:</p> <p>(i) the records prepared and maintained by the registered person and declared to the proper officer in the prescribed manner.</p> <p>(ii) trial balance or its equivalent.</p> <p>(iii) statements of annual financial accounts, duly audited.</p> <p>(iv) cost audit report, if any.</p> <p>(v) the income - tax audit report, if any.</p> <p>(vi) any other relevant record.</p> |
| 12 | A | The records called for by the officer under Sec. 71 should be made available within 15 days from the date when demand is made for records                                                                                                                                                                                                                                                                                                                                   |
| 13 | D | Under Sec. 129, upon payment of penalty the seized goods shall be released but there is no provision for release of goods upon execution of bond.                                                                                                                                                                                                                                                                                                                           |
| 14 | B | Penalty under Sec. 129 if owner comes forward to claim release of goods - In case of taxable goods = 200% of tax I.e., ₹ 5,00,000 × 12% × 200% = ₹ 1,20,000 (As the question is under IGST Act) and in case of exempted goods it is 2% of value of goods subject to max. ₹ 25,000 I.e., ₹ 2,00,000 × 2% = ₹ 4,000 (As the question is under IGST Act)                                                                                                                       |
| 15 | A | Penalty under Sec. 129 if owner comes forward to claim release of goods - In case of taxable goods = 200% of tax I.e., ₹ 5,00,000 × 6% × 200% = ₹ 60,000 (As the question is under CGST Act) and in case of exempted goods it is 2% of value of goods subject to max. ₹ 25,000 I.e., ₹ 2,00,000 × 2% = ₹ 4,000 (As the question is under CGST Act)                                                                                                                          |

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| 16 | C | Sec. 130 confiscation is independent of Sec. 129 and if penalty not payable under Sec. 129 the goods seized shall be disposed off and the balance proceeds left returned to owner of goods - Maximum redemption fine under Sec. 130 for release of goods after confiscation order is Market value of goods (-) tax payable thereon - Sec. 74 recovery not applicable in case of proceedings covered under Sec. 129                                                                                                   |
| 17 | C | Penalty under Sec. 129 if owner comes forward to claim release of conveyance is penalty for release of goods (or) ₹ 1,00,000, whichever is lower. Penalty for release of goods is 200% of tax I.e., ₹ 1,50,000 × 9% × 200% = ₹ 27,000 or ₹ 1,00,000 whichever is lower. Therefore, the answer is ₹ 27,000                                                                                                                                                                                                            |
| 18 | A | Penalty under Sec. 129 if owner comes forward to claim release of conveyance is penalty for release of goods (or) ₹ 1,00,000, whichever is lower. Penalty for release of goods is 200% of tax I.e., ₹ 1,50,000 × 18% × 200% = ₹ 27,000 or ₹ 2,00,000 whichever is lower. Therefore, the answer is ₹ 54,000                                                                                                                                                                                                           |
| 19 | C | Under section 72, the following officers have been empowered and are required to assist CGST officers in the execution of CGST Act. The categories specified are as follows:<br>i. Police;<br>ii. Railways<br>iii. Customs;<br>iv. Officers of State/UT/ Central Government engaged in collection of GST;<br>v. Officers of State/UT/ Central Government engaged in collection of land revenue;<br>vi. All village officers;<br>vii. Any other class of officers as may be notified by the Central/State Government. |



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|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20 | A | A summary report of every inspection of goods in transit should be recorded online by the proper officer in Part A of FORM GST EWB-03 within twenty-four (24) hours of the inspection and the final report in Part B of FORM GST EWB 03 should be filed within three (3) days of the inspection.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 21 | B | As per Section 129(1)(b), on payment of penalty equal to the fifty per cent of the value of the goods, in case of exempted goods, on payment of an amount equal to five per cent of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such penalty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 22 | B | As per the section 129(6) Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty under sub-section (1) within fifteen days from the date of receipt of the copy of the order passed under sub-section (3), the goods or conveyance so detained or seized shall be liable to be sold or disposed of otherwise, in such manner and within such time as may be prescribed, to recover the penalty payable under sub-section (3): Provided that the conveyance shall be released on payment by the transporter of penalty under sub-section (3) or one lakh rupees, whichever is less: Provided further that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of fifteen days may be reduced by the proper officer |
| 23 | C | As per Section 129 (1)(a) In case of exempted goods, on payment of an amount equal to two per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | forward for payment of such penalty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 24 | B | As per the section 130(2) Whenever confiscation of any goods or conveyance is authorised by this Act, the officer adjudging it shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as the said officer thinks fit: Provided that such fine leviable shall not exceed the market value of the goods confiscated, less the tax chargeable thereon: Provided further that the aggregate of such fine and penalty leviable shall not be less than the 2 [penalty equal to hundred per cent. of the tax payable on such goods]: Provided also that where any such conveyance is used for the carriage of the goods or passengers for hire, the owner of the conveyance shall be given an option to pay in lieu of the confiscation of the conveyance a fine equal to the tax payable on the goods being transported thereon. |
| 25 | B | 130(2) Whenever confiscation of any goods or conveyance is authorised by this Act, the officer adjudging it shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as the said officer thinks fit: Provided that such fine leviable shall not exceed the market value of the goods confiscated, less the tax chargeable thereon: Provided further that the aggregate of such fine and penalty leviable shall not be less than the 2[penalty equal to hundred per cent. of the tax payable on such goods]: Provided also that where any such conveyance is used for the carriage of the goods or passengers for hire, the owner of the conveyance shall be given an option to pay in lieu of the confiscation of the conveyance a fine equal to the tax payable on the goods being transported thereon.                     |

# OFFENCES, PENALTIES AND PROSECUTION

## Question .1



Mr. Topinath, an unregistered person in Delhi, who has an aggregate turnover of ₹ 46 lakh sells mobile phones to Mr. Gopinath, a person registered under GST in Uttar Pradesh without any invoice. Whether any penalty is leviable on Mr. Topinath, for such supply and if yes, what is the maximum amount of penalty that can be levied on Mr. Topinath:-

- Ⓐ No penalty since there is no default on part of Mr. Topinath as his turnover is below threshold limit.
- Ⓑ Yes; an amount equivalent to the tax evaded ₹ 10,000/-, whichever is lower.
- Ⓒ Yes; an amount equivalent to the turnover or ₹ 10,000/-, whichever is higher.
- Ⓓ Yes; an amount equivalent to the tax evaded or ₹ 10,000/-, whichever is higher.

## Question .2



In which of the following cases, compounding of offence is not allowed under section 138 of the CGST Act, 2017?

- I. A person who has been allowed to compound once in respect of any of the offences specified
  - II. A person who has been convicted for an offence under GST law by a Court
  - III. A person who has been accused of committing an offence under GST law which is also an offence under any other law for the time being in force
- Ⓐ (i), (ii)
  - Ⓑ (i), (iii)
  - Ⓒ (ii), (iii)
  - Ⓓ (i), (ii), (iii)

## Question .3



Sukanya, a supplier registered under GST, failed to pay the GST amounting to ₹ 5,000 for the month of January. The proper officer imposed a penalty on Sukanya for failure to pay tax. Sukanya believes that it is a minor breach and in accordance with the provisions of section 126 of the CGST Act, 2017, no penalty is imposable for minor breaches of tax regulations. In this regard, which of the following statements is true?

- Ⓐ Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000.
- Ⓑ Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' if amount of tax involved is less than ₹ 2,500.

- Ⓒ Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is upto ₹ 5,000.
- Ⓓ Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is Nil.

## Question .4



Minimum and maximum limit for amount for compounding of offences under section 138 of the CGST Act, 2017 are:

- Ⓐ Minimum: 25% of tax involved; Maximum: 100% of tax involved.
- Ⓑ Minimum: 50% of tax involved; Maximum: 150% of tax involved.
- Ⓒ Minimum: 60% of tax involved; Maximum: 150% of tax involved.
- Ⓓ Minimum: 50% of tax involved; Maximum: 100% of tax involved.

## Question .5



Any person who aids or abate any of the Offences specified u/s 122(3) of CGST Act, 2017 shall be liable to a penalty

- Ⓐ Upto 5,000
- Ⓑ Upto 10,000
- Ⓒ Upto 50,000
- Ⓓ Upto 25,000

## Question .6



If a person who is required to furnish an information return under section 150 fails to do so within the period specified in the notice issued under section 150(3), the proper officer may direct that such person shall be liable to pay a penalty of

- Ⓐ ₹ 50 for each day, but to an extent of ₹ 5000
- Ⓑ ₹ 100 for each day, but to an extent of ₹ 5000
- Ⓒ ₹ 50 for each day, but to an extent of ₹ 10000
- Ⓓ ₹ 100 for each day, but to an extent of ₹ 10000

## Question .7



Mr. X transports taxable goods worth ₹ 120000 (inclusive of tax @12%) without E-way Bill. Shall Mr. X be liable to any penalty under CGST act 2017?

- Ⓐ Yes, ₹ 5000 shall be payable as penalty.
- Ⓑ Yes, ₹ 10000 shall be payable as penalty.
- Ⓒ Yes, ₹ 12,000 + 100% of the tax amount shall be payable as penalty.
- Ⓓ No penalty shall be charged

## Question .8



ABC Ltd. supplies taxable services worth ₹ 120000 and charged IGST @ 18% i.e. to Mr. Y without issuing any invoice. It shall be liable to a penalty \_\_\_\_\_ of u/s 122(1).

- Ⓐ ₹ 10,000

- (B) ₹ 21,600  
 (C) ₹ 120,000  
 (D) No of the above

#### Question .9

Mr. A has opened up a new branch office. In this office is he required to display his GSTIN? What shall be the penalty in case he doesn't display the same?

- (A) Yes, penalty of maximum ₹ 25,000  
 (B) Yes, no penalty  
 (C) No, no penalty  
 (D) Yes, no penalty as only the head office needs to display the GSTIN

#### Question .10

\_\_\_\_\_ are those offences in which the officer has the power to arrest any person without warrant and to start an investigation.

- (A) Cognizable offences  
 (B) Non-cognizable offences  
 (C) Non-punishable offence  
 (D) Any of the above

#### Question .11

The term of maximum imprisonment where the amount of input tax credit wrongly availed or utilized or the amount of refund wrongly taken exceeds ₹ 5 Crore:

- (A) 2 Years  
 (B) 3 Years  
 (C) 5 Years  
 (D) 10 Years

#### Question .12

The term of maximum imprisonment where the amount of input tax credit wrongly availed or utilized or the amount of refund wrongly taken exceeds Rs 2 Crore but does not exceeds ₹ 5 Crore:

- (A) 2 Years  
 (B) 3 Years  
 (C) 5 Years  
 (D) 10 Years

#### Question .13

The term of maximum imprisonment where the amount of input tax credit wrongly availed or utilized or the amount of refund wrongly taken exceeds ₹ 1 Crore but does not exceeds ₹ 2 Crore:

- (A) 2 Years  
 (B) 3 Years  
 (C) 5 Years  
 (D) 1 Year

#### Question .14

Under Sec 138 what is the maximum amount of compounding for prosecution?

- a) Rs 30000 or 100 % of Tax Whichever is lower  
 b) Rs 30000 or 150 % of Tax Whichever is higher  
 c) Rs 25000 or 100 % of Tax Whichever is higher  
 d) Rs 30000 or 150 % of Tax whichever is lower

#### Question .15

Under Sec 138 what is the minimum amount of compounding for prosecution?

- (A) Minimum of 25% of Tax involved  
 (A) Minimum of 40% of Tax involved  
 (A) Minimum of 50% of Tax involved  
 (A) Minimum of 70% of Tax involved

#### Question .16

Under Sec 128 the Government may waive in full or part any penalty levied under sec:

- (A) Sec 122  
 (B) Sec 123  
 (C) Sec 125  
 (D) All of the above

#### Question .17

Under Sec 124 of CGST Act where a person fails to furnish statistics then he shall be liable to a maximum /penalty of \_\_\_\_\_ (Other than continuing offence)

- (A) ₹ 10000  
 (B) ₹ 20000  
 (C) ₹ 25000  
 (D) ₹ 50000

#### Question .18

Under Sec 124 of CGST Act where a person continuing fails to furnish statistics then he shall be liable to a penalty of Rs \_\_\_\_\_ per day

- (A) Rs 150  
 (B) Rs 200  
 (C) Rs 100  
 (D) Rs 50

#### Question .19

Under Sec. 124 of CGST Act what is the maximum penalty in case of containing offence?

- (A) ₹ 10,000  
 (B) ₹ 20,000  
 (C) ₹ 25,000  
 (D) ₹ 50,000

#### Question .20

Mr. A fails to appear before the officer of central tax even after the issue of summon for appearance to give evidence or produce a document in an enquiry. He shall be liable to a penalty \_\_\_\_\_

u/s 122(3) of CGST Act.

- (A) Upto Rs. 10000
- (B) Upto Rs. 5000
- (C) Upto Rs. 20000
- (D) Upto Rs. 25000

Question 21 

ABC & Co., a partnership firm committed an offence. Who shall be liable for the same?

- (A) All the partners
- (B) All the partners unless they prove offence committed without their knowledge
- (C) All the employees
- (D) None of the above

Question 22 

What happens after the offence has been compounded?

- (A) Proceeding shall be continued
- (B) Proceedings, if initiated shall be dropped
- (C) Person has to pay all the pending dues
- (D) All of the above

Question 23 

Shagun started supply of goods in Vasai, Maharashtra from 01.01.20XX. Her turnover exceeded ₹ 20 lakh on 25.01.20XX. However, she didn't apply for registration. Determine the amount of penalty, if any, that may be imposed on Shagun under section 122(1) of the CGST Act, 2017 on 31.03.20XX, if the tax evaded by her, as on said date, on account of failure to obtain registration is ₹ 1,26,000:

- (A) ₹ 10,000
- (B) ₹ 1,26,000
- (C) ₹ 12,600
- (D) None of the above

Question 24 

Which of the following offence attracts imprisonment

- (A) Collected tax but not paid within 3 months
- (B) Collected an amount as tax but not paid within 3 months
- (C) TCS deducted but not paid
- (D) All the above

Question 25 

If a person is arrested for a cognizable offence, he must be informed in writing of the grounds of arrest and he must be produced before a Magistrate within \_\_\_\_\_

- (A) 24 hours of his warrant
- (B) 24 hours of his arrest
- (C) 24 Hours of his seizure
- (D) 48 Hours of his arrest

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | D              | As per the section 122(1) of CGST Act, 2017 Any taxable person who supplies any goods or services or both without issuance of invoice, penalty shall be ₹ 10,000 or 100% of tax evaded, whichever is higher                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 2    | D              | <ul style="list-style-type: none"> <li>• Obstructing an officer from doing duty</li> <li>• Tampering material evidence</li> <li>• Fails to supply information (or) supply false information</li> <li>• Offence which is also an offence under other law</li> <li>• Imprisonment order passed by court</li> <li>• Specified offences, subsequent compounding not possible but first time compounding possible.</li> </ul>                                                                                                                                                                                                         |
| 3    | A              | <p>As per Section 126(1), No officer under this Act shall impose any penalty for minor breaches of tax regulations or procedural requirements and in particular, any omission or mistake in documentation which is easily rectifiable and made without fraudulent intent or gross negligence.</p> <p>Explanation.--For the purpose of this sub-section,--(a) a breach shall be considered a 'minor breach' if the amount of tax involved is less than five thousand rupees; (b) an omission or mistake in documentation shall be considered to be easily rectifiable if the same is an error apparent on the face of record.</p> |
| 4    | A              | As per 38 the amount for compounding for offences under the section shall be such as maybe prescribed, subject to the minimum amount not being less than 25% tax involved and maximum amount not being more than 100% of tax involved.                                                                                                                                                                                                                                                                                                                                                                                           |



|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | D | A person who aids (or) abates any offence u/s 122(1), is chargeable with a penalty upto ₹ 25,000 as per Sec. 122(3) of CGST Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 6 | B | As per Section 123, If a person who is required to furnish an information return under section 150 fails to do so within the period specified in the notice issued under sub-section (3) thereof, the proper officer may direct that such person shall be liable to pay a penalty of one hundred rupees for each day of the period during which the failure to furnish such return continues: Provided that the penalty imposed under this section shall not exceed five thousand rupees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 7 | C | As per Section 129(1) Notwithstanding anything contained in this Act, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to detention or seizure and after detention or seizure, shall be released,--2[(a) on payment of penalty equal to two hundred per cent. of the tax payable on such goods and, in case of exempted goods, on payment of an amount equal to two per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such penalty;(b) on payment of penalty equal to fifty per cent. of the value of the goods or two hundred per cent. of the tax payable on such goods, whichever is higher, and in case of exempted goods, on payment of an amount equal to five per cent. |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such penalty;] (c) upon furnishing a security equivalent to the amount payable under clause (a) or clause (b) in such form and manner as may be prescribed: Provided that no such goods or conveyance shall be detained or seized without serving an order of detention or seizure on the person transporting the goods. |
| 8  | B | As per the section 122(1) of CGST Act supply without invoice the penalty will be 100% of tax or 10000 which ever is higher so penalty will be<br>a. $120000 \times 9\% = 10800$ or<br>b. 10000 which ever is higher the penalty will be 10800 for CGST<br>Total penalty will be $10800 + 10800 = 21600$ for both CGST and SGST liability (Question is silent about Act)                                                                                             |
| 9  | A | As the default is not covered specifically under any of the provision of the Act the penalty will be covered under the general penalty ie ₹ 25000 u/s 125 of CGST Act, 2017                                                                                                                                                                                                                                                                                         |
| 10 | A | Cognizable offences are those offences in which the officer has the power to arrest any person without warrant and to start an investigation. The cognizable offence for the purpose of this Act are<br>a) Invoice default<br>b) ITC default<br>c) Collected amount as tax and not deposited within 3 months & amount involved in these offences > ₹ 5 Cr.                                                                                                          |
| 11 | C | In case the default amount exceeds 5 Cr, then the imprisonment will be up to 5 years minimum 6 months in case of first offence and fine                                                                                                                                                                                                                                                                                                                             |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12 | B | In case the default amount exceeds Rs 2 Crore but does not exceeds ₹ 5 Crore, then the imprisonment will be up to 3 years minimum 6 months in case of first offence and fine                                                                                                                                                                                                                                                                  |
| 13 | D | In case the default amount does not exceeds ₹ 2 Crore, then the imprisonment will be up to 1 years minimum 6 months in case of first offence and fine                                                                                                                                                                                                                                                                                         |
| 14 | C | As per 38 the amount for compounding for offences under the section shall be such as maybe prescribed, subject to the minimum amount not being less than 25% tax involved and maximum amount not being more than 100% of tax involved.                                                                                                                                                                                                        |
| 15 | A | As per 38 the amount for compounding for offences under the section shall be such as maybe prescribed, subject to the minimum amount not being less than 25% tax involved and maximum amount not being more than 100% of tax involved.                                                                                                                                                                                                        |
| 16 | D | As per section 128, The Government may, by notification, waive in part or full, any penalty referred to in section 122 or section 123 or section 125 or any late fee referred to in section 47 for such class of taxpayers and under such mitigating circumstances as may be specified therein on the recommendations of the Council.                                                                                                         |
| 17 | A | As per section 124. If any person required to furnish any information or return under section 151,- (a) without reasonable cause fails to furnish such information or return as may be required under that section, or (b) willfully furnishes or causes to furnish any information or return which he knows to be false, he shall be punishable with a fine which may extend to ten thousand rupees and in case of a continuing offence to a |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | further fine which may extend to one hundred rupees for each day after the first day during which the offence continues subject to a maximum limit of twenty-five thousand rupees                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 18 | C | As per section 124, in case of a continuing offence to a further fine which may extend to one hundred rupees for each day after the first day during which the offence continues subject to a maximum limit of twenty-five thousand rupees                                                                                                                                                                                                                                                                                                                                                                              |
| 19 | C | As per section 124, in case of a continuing offence to a further fine which may extend to one hundred rupees for each day after the first day during which the offence continues subject to a maximum limit of twenty-five thousand rupees                                                                                                                                                                                                                                                                                                                                                                              |
| 20 | D | As per Sec. 122(3) of CGST Act, a person who fails to appear before the officer of central tax, when issued with a summon for appearance to give evidence or produce a document in an inquiry; is chargeable with a penalty upto Rs 25,000.                                                                                                                                                                                                                                                                                                                                                                             |
| 21 | B | Where an offence under this Act has been committed by a taxable person being a partnership firm or a Limited Liability Partnership, the partner shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly. However, for an offence that has been committed with the consent or connivance of, or is attributable to any negligence on the part of, any partner of the partnership firm or a Limited Liability Partnership, such partner shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly. |

# NOTES

|    |   |                                                                                                                                                                                                                                                                                                                            |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22 | B | As per Sec. 138, On payment of such compounding amount as may be determined by the Commissioner, no further proceedings shall be initiated under this Act against the accused person in respect of the same offence and any criminal proceedings, if already initiated in respect of the said offence, shall stand abated. |
| 23 | B | As per Sec. 122(1) of CGST Act, a person is liable to be registered under this Act but fails to obtain registration, then such person is chargeable to a penalty upto Rs 10,000 or 100% of the tax involved, whichever is higher.                                                                                          |
| 24 | B | As per Sec. 132, a person collects any amount as tax but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due; attracts imprisonment.                                                                                                                   |
| 25 | B | If a person is arrested for a cognizable offence, he must be informed in writing of the grounds of arrest and he must be produced before a Magistrate within 24 hours of his arrest.                                                                                                                                       |

# NOTES

# ADVANCE RULING

## Question 1

State whether following statements are true or false w.r.t. provisions relating to Advance Ruling.

- Questions on which the advance ruling can be sought under this Act, include rate of tax applicable to a particular supply and place of supply.
- Rectification of advance ruling is not possible once the Authority for Advance Ruling has passed the orders.
- The Authority for Advance Ruling shall pronounce its ruling within 90 days from the date of receipt of application.
- Authority for Advance Ruling may accept application even if the question raised in the application is already pending or decided in any proceedings under any of the provisions of the CGST Act, 2017 qua the applicant.
- Authority for Advance Ruling may, by order, declare such advance ruling void ab-initio if it finds out that such ruling is obtained by suppression of material facts, fraud or misrepresentation of facts.

Choose from following options:

- False, False, True, False, True
- False, True, True, False, True
- True, True, False, False, True
- False, False, False, False, True

## Question 2

Advance ruling can be declared to be void by the Authority if it has been obtained by an applicant/appellant by:

- Fraud
- Suppression of facts
- Misrepresentation of facts
- Any one of the above

## Question 3

What is the meaning of applicant in advance ruling?

- Person registered under the Act.
- Person desirous of obtaining registration under the Act.
- Tourist as defined under section 15 of IGST Act, 2017.
- (a) or (b).

## Question 4

Where shall the Advance Ruling Authority be located?

- The Authority shall be located in each State / Union Territory.
- The Authority shall be located in Centre.

- The Authority shall be located in both Centre & State.
- None of the above.

## Question 5

Who may make an application for Advance Ruling?

- Applicant
- Jurisdictional officer
- Both Applicant and Jurisdictional officer
- Concerned Officer

## Question 6

What procedure should be followed if, the members of the Authority differ on any question on which the Advance Ruling is sought?

- The members of the authority shall state the point or points on which they differ and make a reference to the Appellate Authority for hearing and decision on such question
- The Authority will not take any decision and reject the application
- The Authority will remand the case to jurisdictional officer
- None of the above

## Question 7

Within how many days the Authority shall pronounce its decision on Advance Ruling from the date of receipt of application?

- 30 days
- 60 days
- 90 days
- 120 days

## Question 8

Who can appeal to the AAAR?

- Jurisdictional CGST/SGST officer or the applicant
- Any Taxable Person
- Any citizen concerned about the ruling passed
- All of the above

## Question 9

Appeal before AAAR can be filed within how many days (original time)?

- 90 days
- 60 days
- 30 days
- 120 days

## Question 10

Under what circumstances, the members of the Appellate Authority deem that no advance ruling can be issued in respect of the questions covered under the appeal

- If the members of the AAAR differ on any point



or points referred to in appeal

- Ⓑ If the members of the AAR differ on any point or points referred to in appeal
- Ⓒ Applicant wants to withdraw the application
- Ⓓ Both (a) and (c)

#### Question .11

**Who has the power to amend the order issued under section 98 or 101, to rectify any error apparent from record?**

- Ⓐ Advance Ruling Authority
- Ⓑ Appellate Authority for the Advance Ruling
- Ⓒ Authority or, as the case may be, the Appellate Authority.
- Ⓓ None of the above

#### Question .12

**Who can apply for rectification of error on record?**

- Ⓐ Applicant
- Ⓑ Concerned officer or Jurisdictional Officer
- Ⓒ Advance Ruling Authority or the Appellate Authority on its own accord can rectify the error
- Ⓓ All of the above

#### Question .13

**When should the opportunity of hearing be given to applicant or the appellant for rectification of advance ruling?**

- Ⓐ If the rectification has the effect of enhancing the tax liability.
- Ⓑ If the rectification has the effect of reducing the amount of admissible input tax credit
- Ⓒ (a) or (b)
- Ⓓ None of the above.

#### Question .14

**The Advance Ruling pronounced by the AAAR shall be binding on:**

- Ⓐ The applicant who sought the advance ruling.
- Ⓑ The jurisdictional officer in respect of the applicant.
- Ⓒ (a) and (b)
- Ⓓ None of the above.

#### Question .15

**When can the Authority declare the advance ruling pronounced as void?**

- Ⓐ If ruling is obtained by suppression of material facts
- Ⓑ If the applicant is in the business of supplies on which clarification has been sought
- Ⓒ If the applicant does not engage in the business of supplies after 6 months of obtaining the ruling
- Ⓓ If a Supreme Court judgment is pronounced on the same issue and the judgment is exactly

opposite of the clarification issued under the ruling

#### Question .16

**Authority for Advance Ruling shall not admit an application if:**

- Ⓐ Show cause notice has been issued
- Ⓑ Appeal has been filed to Appellate Tribunal against the adjudication order
- Ⓒ Appeal has been filed before the Hon'ble high Court
- Ⓓ None of the above

#### Question .17

**An applicant may seek Advance Ruling in relation to supply of goods and/or services-**

- Ⓐ Being undertaken by him
- Ⓑ Proposed to be undertaken by him
- Ⓒ Already undertaken by him
- Ⓓ All of the above

#### Question .18

**AAR or AAAR shall be constituted**

- Ⓐ Under respective State GST Act
- Ⓑ Under Central GST Act
- Ⓒ Both under Central GST and State GST Act
- Ⓓ None of the above

#### Question .19

**An Advance Ruling can be sought by:**

- Ⓐ Only by a registered person
- Ⓑ By a person desirous of obtaining registration
- Ⓒ Both a) and b)
- Ⓓ None of the above

#### Question .20

**The fee for filing an application for Advance Ruling is:**

- Ⓐ ₹ 5000/- under CGST Act
- Ⓑ ₹ 5000/- under SGST Act
- Ⓒ ₹ 5000/- each under CGST and SGST Act
- Ⓓ ₹ 10000/- under any of the above Act

#### Question .21

**The fee for filing an appeal before AAAR by the applicant is:**

- Ⓐ ₹ 25000/- under CGST Act
- Ⓑ ₹ 25000/- under SGST Act
- Ⓒ ₹ 10000/- each under CGST and SGST Act
- Ⓓ ₹ 25000/- under any of the above Act

#### Question .22

**The fee for filing an appeal before AAAR by the Department is:**

- Ⓐ ₹ 5000/- under CGST Act

- (B) ₹ 5000/- under SGST Act  
 (C) ₹ 10000/- each under CGST and SGST Act  
 (D) None of the above

## Question .23



Within how many days of filing of appeal or reference, the Appellate order shall be pronounced

- (A) 30 days  
 (B) 60 days  
 (C) 90 days  
 (D) 120 days

## Question .24



An appeal against the ruling of AAR shall be filed?

- (A) Before the Appellate Tribunal  
 (B) Before the Commissioner (Appeal)  
 (C) In the jurisdictional office of the respective State AAAR  
 (D) In the jurisdictional office of the Central AAAR

## Question .25



What is the time period within which rectification of order is to be passed?

- (A) 3 months from the date of order  
 (B) 3 months from the date of communication of order  
 (C) 6 months from the date of order  
 (D) 6 months from the date of communication of order

## Question .26



The AAR shall comprise of:

- (A) One member from amongst the officers of Central tax and one member from amongst the officers of State tax/Union Territory tax.  
 (B) One sitting High Court Judge.  
 (C) (a) or (b)  
 (D) (a) and (b)

## Question .27



What is the time period within which the application made to the authority be withdrawn?

- (A) 10 days of the date of application  
 (B) 10 days of the date of first hearing  
 (C) 30 days of the date of first hearing  
 (D) No provision for withdrawal

## Question .28



What is the condition under which the Advance Ruling shall not be binding?

- (A) Applicant is unsatisfied with the ruling  
 (B) Ruling is general in nature  
 (C) Change in law or facts  
 (D) None of the above

## Question .29



Which of the following statements are correct

- (A) AAR and AAAR are deemed to be a civil court for the purposes of section 195 of the Code of Criminal Procedure, 1973  
 (B) Appeal against AAAR can be made to GSTAT  
 (C) Advance ruling obtained by a person can be used for another registration of the same person  
 (D) None of these

## Question .30



Advance Ruling cannot be sought in respect of:

- (A) admissibility of input tax credit  
 (B) classification of goods and / or services  
 (C) whether applicant is required to be registered  
 (D) whether applicant is entitled to refund

N O T E S

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | A              | (i) As per the section 97(2), Eligible questions are 1. Supply; 2. Classification; 3. Valuation; 4. Registration; 5. Tax Liability Determination; 6. Time of Supply; 7. Input Tax Credit; 8. Applicability of Notification;<br>(ii) As per the Section 102, The Authority or the Appellate Authority may amend any order passed so as to rectify any error apparent on the face of the record, if such error is noticed by the Authority or the Appellate Authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer, the applicant within a period of six months from the date of the order;<br>(iii) As per the Section 98(6), The Authority shall pronounce its advance ruling in writing within ninety days from the date of receipt of application.<br>(iv) As per the Proviso of section 98(2), The Authority shall not admit the application where the question raised in the application is already pending or decided in any proceedings in the case of an applicant under any of the provisions of this Act;<br>(v) As per the Section 104(1), Where the Authority or the Appellate Authority finds that advance ruling pronounced has been obtained by the applicant or the appellant by fraud or suppression of material facts or misrepresentation of facts, it may, by order, declare such ruling to be void ab-initio and thereupon all the provisions of this Act or the rules made thereunder shall apply to the applicant or the appellant as if such advance ruling had never been made |
| 2    | D              | As per the Section 104(1), Where the Authority or the Appellate Authority                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|---|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |   | has been obtained by the applicant or the appellant by fraud or suppression of material facts or misrepresentation of facts, it may, by order, declare such ruling to be void ab-initio and thereupon all the provisions of this Act or the rules made thereunder shall apply to the applicant or the appellant as if such advance ruling had never been made: Provided that no order shall be passed under this sub-section unless an opportunity of being heard has been given to the applicant or the appellant. |
| 3 | D | As per the Section 95(c), "applicant" means any person registered or desirous of obtaining registration under this Act;                                                                                                                                                                                                                                                                                                                                                                                             |
| 4 | A | As per Section 96, Subject to the provisions of this Chapter, for the purposes of this Act, the Authority for advance ruling constituted under the provisions of a State Goods and Services Tax Act or Union Territory Goods and Services Tax Act shall be deemed to be the Authority for advance ruling in respect of that State or Union territory.                                                                                                                                                               |
| 5 | A | As per the Section 97(1), An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and manner and accompanied by such fee as may be prescribed, stating the question on which the advance ruling is sought.                                                                                                                                                                                                                                                     |
| 6 | A | As per the Section 98(5), Where the members of the Authority differ on any question on which the advance ruling is sought, they shall state the point or points on which they differ and make a reference to the Appellate Authority for hearing and decision on such question.                                                                                                                                                                                                                                     |
| 7 | C | As Per the Section 98(6), The Authority shall pronounce its advance ruling in writing within ninety days from the date of receipt of application.                                                                                                                                                                                                                                                                                                                                                                   |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                   |
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| 8  | A | As per the Section 100(1), The concerned officer, the jurisdictional officer or an applicant aggrieved by any advance ruling pronounced may appeal to the Appellate Authority.                                                                                                                                                                                                    |
| 9  | C | As per the Section 100(2), Every appeal under this section shall be filed within a period of thirty days from the date on which the ruling sought to be appealed against is communicated to the concerned officer, the jurisdictional officer and the applicant;                                                                                                                  |
| 10 | A | If the members of AAAR are unable to conclude the points referred to them by AAR, then it shall be deemed that no advance ruling can be given in respect of the question on which difference persists at the level of AAAR.                                                                                                                                                       |
| 11 | C | As per the Section 102, The Authority or the Appellate Authority so as to rectify any error apparent on the face of the record.                                                                                                                                                                                                                                                   |
| 12 | D | As Per the Section 102, The Authority or the Appellate Authority so as to rectify any error apparent on the face of the record, if such error is noticed by the Authority or the Appellate Authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer, the applicant within a period of six months from the date of the order: |
| 13 | C | As Per the Proviso of Section 102, No rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made unless the applicant or the appellant has been given an opportunity of being heard.                                                                                                                   |
| 14 | C | As per Sec. 103, an advance ruling pronounced by AAR (or) AAAR shall be binding only on the applicant and on the concerned officer (or) the jurisdictional officer in respect of the applicant.                                                                                                                                                                                   |
| 15 | A | As Per the Section 104(1), Where the Authority or the Appellate Authority has been obtained by the applicant or the appellant by fraud or suppression of material facts or misrepresentation of                                                                                                                                                                                   |

|    |   |                                                                                                                                                                                                                                                                                                          |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | facts, it may, by order, declare such ruling to be void ab-initio and thereupon all the provisions of this Act or the rules made thereunder shall apply to the applicant or the appellant as if such advance ruling had never been made                                                                  |
| 16 | C | Authority for Advance Ruling shall not admit an application if Appeal has been filed before the Hon'ble high Court or supreme court or any established judgement is available                                                                                                                            |
| 17 | D | As per the Section 95, "advance ruling" means a decision provided by the Authority or the Appellate Authority to an applicant on matters or on questions specified in sub-section in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant; |
| 18 | A | The Authority for advance ruling constituted under the provisions of a State Goods and Services Tax Act or Union Territory Goods and Services Tax Act shall be deemed to be the Authority for advance ruling in respect of that State or Union territory.                                                |
| 19 | C | Applicant means any person registered (or) devour of obtaining registration                                                                                                                                                                                                                              |
| 20 | C | An application for obtaining an advance ruling shall be made on the common portal in FORM GST ARA-01 and shall be accompanied by a fee of five thousand rupees, Therefore ₹ 5000 payable under CGST Act & SGST Act each.                                                                                 |
| 21 | C | An appeal against the advance ruling shall be made by an applicant on the common portal in FORM GST ARA-02 and shall be accompanied by a fee of ten thousand rupees to be deposited in the manner specified in section 49 therefore, ₹ 10,000 payable under CGST Act & SGST Act each                     |
| 22 | D | As per the Rule 106(2), An appeal against the advance ruling shall be made by the concerned officer or the jurisdictional officer on the common portal in FORM GST ARA-03 and no fee shall be payable by the said officer for filing the appeal.                                                         |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23 | C | The Appellate Authority may, after giving the parties to the appeal or reference an opportunity of being heard, pass such order as it thinks fit, confirming or modifying the ruling appealed against or referred to within a period of ninety days from the date of filing of the appeal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 24 | C | Appeal against the order of Authority for Advance Ruling (AAR) to be filed with Appellate Authority for Advance Ruling (AAAR) There is no central AAAR at present. Only in case of order passed by GST officer, appeal can be made to Commissioner (Appeals) and Appellate Tribunal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 25 | C | As per the Section 102, The Authority or the Appellate Authority may amend any order passed by it so as to rectify any error apparent on the face of the record, if such error is noticed by the Authority or the Appellate Authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer, the applicant within a period of six months from the date of the order                                                                                                                                                                                                                                                                                                                                                                                           |
| 26 | D | Appellate Authority shall consist of (i) the President, who has been a Judge of the Supreme Court or is or has been the Chief Justice of a High Court, or is or has been a Judge of a High Court for a period not less than five years; (ii) a Technical Member (Centre) who is or has been a member of Indian Revenue (Customs and Central Excise) Service, Group A, and has completed at least fifteen years of service in Group A; (iii) a Technical Member (State) who is or has been an officer of the State Government not below the rank of Additional Commissioner of Value Added Tax or the Additional Commissioner of State tax with at least three years of experience in the administration of an existing law or the State Goods and Services Tax Act or in the field of finance and taxation. |
| 27 | D | There is no provision regarding withdrawal of application for advance ruling.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|    |   |                                                                                                                                                                                                                                                                                                                                                                   |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 28 | C | The law does not provide for a fixed time period for which the ruling shall apply. Instead, it has been provided that advance ruling shall be binding till the period when the law, facts or circumstances supporting the original advance ruling have not changed.                                                                                               |
| 29 | A | Appeal against AAAR cannot be made and only writ petition can be filed with HC or SC. Also advance ruling is binding w.r. to that registration for which it is obtained. Both the authorities are deemed to be a civil court for the purposes of section 195 of the Code of Criminal Procedure, 1973. Both the authorities are however not treated as civil court |
| 30 | D | Advance ruling cannot be sought on procedures other than registration. Therefore, w.r. to refund advance ruling cannot be obtained.                                                                                                                                                                                                                               |

## NOTES

# DEMAND & RECOVERY

## Question .1

Mr. A, a registered person had a turnover of 50 crores in FY 17-18. He appointed Mr. B as the auditor for his firm. Mr. B, while conducting the audit, noticed that Mr. A had omitted to report sales of 5 lacs in March 2018. How should he proceed in this

- (A) Mr. B must ask Mr. A to pay the tax on ₹ 5 lacs
- (B) Mr. B must ask Mr. A to pay the tax on ₹ 5 lacs with interest @ 18% p.a.
- (C) Mr. B must ask Mr. A to pay the tax on ₹ 5 lacs with interest @ 24% p.a.
- (D) Mr. B can make compliant to GST department.

## Question .2

Any registered person supplying goods on which tax not paid or short paid or input tax credit wrongly availed for any reason, other than the reason of fraud or any willful misstatement or suppression of facts to evade tax, shall be liable to a penalty of

- (A) ₹ 10,000
- (B) 10% of the tax due from such person
- (C) (a) or (b), whichever is lower
- (D) (a) or (b), whichever is higher

## Question .3

What is the time limit for issue of order in case of fraud, misstatement or suppression?

- (A) 30 months
- (B) 18 months
- (C) 5 years
- (D) 3 years

## Question .4

What is the time limit for issue of order in case of other than fraud, misstatement or suppression?

- (A) 30 months
- (B) 18 months
- (C) 5 years
- (D) 3 years

## Question .5

Is it obligatory on the part of the Department to take on record the assessee's representation during adjudication and issue of order?

- (A) Yes
- (B) No
- (C) At proper officer's discretion
- (D) If requested by notice

## Question .6

What is the maximum amount of demand for which the officer can issue an order under section 73 in case of other than fraud, misstatement or suppression?

- (A) Amount of tax + interest + penalty of 10% of tax
- (B) Amount of tax + interest + penalty of 10% of tax or Rs 10,000/- whichever is higher
- (C) Rs 10,000/-
- (D) Amount of tax + interest + 25% penalty

## Question .7

What is the maximum amount of demand for which the officer can issue an order under section 74 in case fraud, misstatement or suppression?

- (A) Amount of tax + interest + penalty of 15% of tax
- (B) Amount of tax + interest + penalty of 25% of tax
- (C) Amount of tax + interest + penalty of 50% of tax
- (D) Amount of tax + interest + penalty of 100% of tax or Rs 10,000/- whichever is higher

## Question .8

What is the prescribed monetary limit of Central Tax for Superintendent of Central Tax for issuance of show cause notices and orders under Section 73 and 74?

- (A) Not exceeding Rupees 10 lakhs
- (B) Above Rupees 10 lakhs and not exceeding Rupees 1 crore
- (C) Above Rupees 1 crore without any limit
- (D) Not exceeding Rupees 20 lakhs

## Question .9

What is the prescribed monetary limit of Integrated Tax for Superintendent of Central Tax for issuance of show cause notices and orders under Section 73 and 74 read with Section 20 of the IGST Act?

- (A) Not exceeding Rupees 10 lakhs
- (B) Above Rupees 10 lakhs and not exceeding Rupees 1 crore
- (C) Above Rupees 1 crore without any limit
- (D) Not exceeding Rupees 20 lakhs

## Question .10

What is the prescribed monetary limit of Central Tax for Deputy or Assistant Commissioner of Central Tax for issuance of show cause notices and orders under Section 73 and 74?

- (A) Not exceeding Rupees 10 lakhs
- (B) Above Rupees 10 lakhs and not exceeding Rupees 1 crore
- (C) Above Rupees 1 crore without any limit
- (D) Not exceeding Rupees 20 lakhs

Question .11 

What is the prescribed monetary limit of Integrated Tax for Deputy or Assistant Commissioner of Central Tax for issuance of show cause notices and orders under Section 73 and 74 read with Section 20 of the IGST Act?

- (A) Not exceeding Rupees 20 lakhs
- (B) Above Rupees 20 lakhs and not exceeding Rupees 2 crore
- (C) Above Rupees 2 crore without any limit
- (D) Any amount without any limit

Question .12 

What is the prescribed monetary limit of Central Tax for Additional or Joint Commissioner of Central Tax for issuance of show cause notices and orders under Section 73 and 74?

- (A) Not exceeding Rupees 10 lakhs
- (B) Above Rupees 10 lakhs and not exceeding Rupees 1 crore
- (C) Above Rupees 1 crore without any limit
- (D) Any amount without any limit

Question .13 

What is the prescribed monetary limit of Integrated Tax for Additional or Joint Commissioner of Central Tax for issuance of show cause notices and orders under Section 73 and 74 read with Section 20 of the IGST Act?

- (A) Not exceeding Rupees 20 lakhs
- (B) Above Rupees 20 lakhs and not exceeding Rupees 2 crore
- (C) Above Rupees 2 crore without any limit
- (D) Any amount without any limit

Question .14 

What is the maximum number of times a hearing can be adjourned when appeal is made to Appellate Authority?

- (A) 1
- (B) 3
- (C) 5
- (D) None of the above

Question .15 

Any amount of tax collected as tax shall be deposited to the credit of the Central or State Government:

- (A) Only when the supplies are taxable
- (B) Regardless of whether the supplies in respect of which such amount was collected are taxable or not
- (C) Only when the supplies are not taxable
- (D) None of the above

Question .16 

What happens if a taxable person has paid CGST & SGST or, as the case may be, CGST & UTGST (in SGST / UTGST Act) on a transaction considered by him to be an intra-state supply but which is subsequently held to be an inter-state supply?

- (A) Seek refund
- (B) Adjust against future liability
- (C) Take re-credit
- (D) File a suit for recovery

Question .17 

The time limit for payment of tax demand is \_\_\_\_\_ from the date of service of the order

- (A) 3 months
- (B) 90 days
- (C) 6 months
- (D) 1 year

Question .18 

After how many days, the proper officer may cause the sale of distressed property?

- (A) 30 days
- (B) 60 days
- (C) 90 days
- (D) 120 days

Question .19 

The following amounts due cannot be paid through installments,

- (A) Self-assessed tax shown in return
- (B) Short paid tax for which notice has been issued
- (C) Arrears of tax
- (D) Concealed tax

Question .20 

Maximum number of monthly installments permissible under section 80 is:

- (A) 36
- (B) 12
- (C) 48
- (D) 24

Question .21 

Which officers has the power to grant permission for payment of tax through installment?

- (A) Commissioner
- (B) Principal Commissioner
- (C) Assistant Commissioner
- (D) Both (A) and (B)

Question .22 

Which of the following acts by a person are treated as void when it is done after any amount has become due from him?

- (A) Creates charge on property
- (B) Parts with the property belonging to him
- (C) Parts with the property in his possession
- (D) All of the above

#### Question .23

What are all the modes of transfers covered under section 81

- (A) Sale
- (B) Mortgage
- (C) Any other mode of transfer
- (D) All of the above

#### Question .24

When transfer of property would be considered void in the context & recovery proceedings

- (A) Transaction is done to defraud the Government revenue
- (B) Transaction is done without the intention to defraud the Government revenue
- (C) Any of the above
- (D) None of the above

#### Question .25

When transfer of property would not be considered void in the context & recovery proceedings

- (A) Transaction is done for adequate consideration and without the notice of the pendency of proceedings under the Act
- (B) Transaction is done without the notice of such tax or other sum payable
- (C) With previous permission of the proper officer
- (D) All of the above

#### Question .26

What liabilities can be recovered on account of first charge on the property of such taxable person or such person as per section 82 of the CGST Act, 2017?

- (A) Tax
- (B) Interest
- (C) Penalty
- (D) All of the above

#### Question .27

Till what period does the order passed for provisional attachment is valid?

- (A) Infinite period
- (B) Ten years
- (C) One Year
- (D) Till the end of such proceedings

#### Question .28

Provisional attachment can be done under section 83:

- (A) Before completion of proceedings

- (B) After completion of proceedings
- (C) After 3 attempts to recover dues
- (D) Only if there is risk of delinquency in payment of dues

#### Question .29

In terms of Rule 142 (7) of the CGST Rules, any rectification of order, in accordance with the provisions of section 161, shall be made by the proper officer in:

- (A) Form GST DRC -07
- (B) Form GST DRC -08
- (C) Form GST DRC -09
- (D) Form GST DRC-10

#### Question .30

Which section deals with the provisions regarding issue of notice and raising of demand in cases where suppression of facts is alleged?

- (A) Section 73
- (B) Section 74
- (C) Section 75
- (D) Section 76

#### Question .31

Which of the following events can be have been occurred for any reason other than reason of fraud?

- (A) Tax has not been paid or short paid
- (B) ITC has been wrongly availed
- (C) Tax erroneously refunded
- (D) All of the above

#### Question .32

Is there any provision of waiving off of penalty in case of payment of tax, interest and 50% of penalty within 30 days of communication of order given against the SCN issued u/s 74(1)?

- (A) Yes, 75% of penalty shall be waived off
- (B) No, there is no such provision
- (C) Yes, 25% of penalty shall be waived off
- (D) None of the above

#### Question .33

The person who has collected tax from either person and has not paid the said amount to the Government, shall be liable to pay interest as per section 50 from the date of \_\_\_\_\_ to \_\_\_\_\_

- (A) Collection of tax, Payment of tax
- (B) Payment of tax, collection of tax
- (C) Receipt of order, payment of tax
- (D) Collection of tax, receipt of order

#### Question .34

What is the maximum penalty leviable in section 73?

- (A) 10% of the tax or 10,000 whichever is higher



- (B) 10% of the tax or ₹ 10,000 whichever is lower  
 (C) 25% of the tax or ₹ 10,000 whichever is higher  
 (D) 25% of the tax or ₹ 10,000 whichever is lower

**Question .35**


\_\_\_\_\_ means when the proper officer by a notice in writing informs the person who has to make the payment to the defaulter to pay their amount due directly to the Central / State Government & get valid discharge of liability towards the defaulter to that extent

- (A) Garnishee proceedings  
 (B) Fraud proceedings  
 (C) Payment proceedings  
 (D) All of the above

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                          |
|------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | B              | Mr. B must ask Mr. A to pay the tax on ₹ 5 lacs with interest @ 18% p.a. and pay the amount in the form DRC -03 on voluntary basis                                                                                                                                                                                                   |
| 2    | D              | As per the section 73(9) The proper officer shall, after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and a penalty equivalent to ten per cent. of tax or ten thousand rupees, whichever is higher, due from such person and issue an order.                    |
| 3    | C              | As per the section 74(10) The proper officer shall issue the order within a period of five years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within five years from the date of erroneous refund. |
| 4    | D              | As per the Section 73(10), The proper officer shall issue the order within three years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund.          |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5  | D | The proper officer after considering the representation made by the person, if any, pair of order, determining the amount of tax, interest and penalty due from such person                                                                                                                                                                                                                                                                                      |
| 6  | B | As per the Section 73(9), The proper officer shall, after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and a penalty equivalent to ten per cent. of tax or ten thousand rupees, whichever is higher, due from such person and issue an order.                                                                                                                                               |
| 7  | D | As per the Section 122(2) of CGST Act 2017, Any registered person who supplies any goods or services or both on which any tax has not been paid or short-paid or erroneously refunded, or where the input tax credit has been wrongly availed or utilised,— for reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty equal to ten thousand rupees or the tax due from such person, whichever is higher. |
| 8  | A | Officer empowered to issue notice & pass order u/s 73 or 74                                                                                                                                                                                                                                                                                                                                                                                                      |
| 9  | D | Superintendent                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 10 | B | Assistant / Deputy Commissioner                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 11 | B | Additional/ Joint Commissioner                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 12 | C |                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 13 | C |                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 14 | B | As per Section 107, The maximum number of times a hearing can be adjourned is 3 time                                                                                                                                                                                                                                                                                                                                                                             |
| 15 | B | Any amount collected as tax shall be deposited to the credit of the Central or State Government Regardless of whether the supplies in respect of which such amount was collected are taxable or not                                                                                                                                                                                                                                                              |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16 | A | As per the section 77 the wrongly paid amount can be taken as refund upon payment of correct tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 17 | A | As Per the Section 78, Any amount payable by a taxable person in pursuance of an order passed under this Act shall be paid by such person within a period of three months from the date of service of such order failing which recovery proceedings shall be initiated.                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 18 | A | As per the Section 79(1)(d), the proper officer may, in accordance with the rules to be made in this behalf, distrain any movable or immovable property belonging to or under the control of such person, and detain the same until the amount payable is paid; and in case, any part of the said amount payable or of the cost of the distress or keeping of the property, <b>remains unpaid for a period of thirty days next after any such distress</b> , may cause the said property to be sold and with the proceeds of such sale, may satisfy the amount payable and the costs including cost of sale remaining unpaid and shall render the surplus amount, if any, to such person |
| 19 | A | As per the section 80, On an application filed by a taxable person, the Commissioner may, for reasons to be recorded in writing, extend the time for payment or allow payment of any amount due under this Act, <u>other than the amount due as per the liability self-assessed</u> in any return, by such person in monthly instalments not exceeding twenty four, subject to payment of interest under section 50 and subject to such conditions and limitations as may be prescribed.                                                                                                                                                                                                 |
| 20 | D | As per Section 80, Commissioner may grant any return, by such person in monthly installments not exceeding twenty four, subject to payment of interest under section 50 and subject to such conditions and limitations as may be prescribed.                                                                                                                                                                                                                                                                                                                                                                                                                                             |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 | A | As per Section 80, Commissioner may grant any return, by such person in monthly installments not exceeding twenty four, subject to payment of interest under section 50 and subject to such conditions and limitations as may be prescribed.                                                                                                                                                                                                                                                             |
| 22 | D | As per the Section 81, Where a person, after any amount has become due from him, creates a charge on or parts with the property belonging to him or in his possession by way of <u>sale, mortgage, exchange, or any other mode of transfer</u> whatsoever of any of his properties in favour of any other person with the intention of defrauding the Government revenue, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the said person.  |
| 23 | D | As per Section 81, Where a person, after any amount has become due from him, creates a charge on or parts with the property belonging to him or in his possession by way of <u>sale, mortgage, exchange, or any other mode of transfer</u> whatsoever of any of his properties in favour of any other person with the intention of defrauding the Government revenue, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the said person       |
| 24 | A | As per the Section 81, Where a person, after any amount has become due from him, creates a charge on or parts with the property belonging to him or in his possession by way of sale, mortgage, exchange, or any other mode of transfer whatsoever of any of his properties in favour of any other person with the <u>intention of defrauding the Government revenue</u> , such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the said person. |
| 25 | D | As per the Proviso of the Section 81, charge or transfer shall not be void if it is made for adequate consideration, in good faith and without notice of the pendency of such proceedings under this Act or without notice of such                                                                                                                                                                                                                                                                       |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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|    |   | tax or other sum payable by the said person, or with the previous permission of the proper officer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 26 | D | As per the Section 82, Any amount payable by a taxable person or any other person on account of tax, interest or penalty which he is liable to pay to the Government shall be a first charge on the property of such taxable person or such person.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 27 | C | As per the Section 83(2), Every such provisional attachment shall cease to have effect after the expiry of a period of one year from the date of the order.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 28 | A | As per the Section 83(1), Where, after the initiation of any proceeding the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue it is necessary so to do, he may, by order in writing, attach provisionally, any property, including bank account, belonging to the taxable person or any person specified in sub-section (1A) of section 122, in such manner as may be prescribed.                                                                                                                                                                                                                                                                  |
| 29 | C | As per the section 142(7) Where a rectification of the order has been passed in accordance with the provisions of section 161 or where an order uploaded on the system has been withdrawn, a summary of the rectification order or of the withdrawal                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 30 | B | Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty equivalent to the tax specified in the notice. |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31 | D | Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder. |
| 32 | A | In case of section 74 if the tax is paid before SCN 15% of penalty amount can be paid. With in 30 days of issue of SCN 25% of Penalty amount, ie 75% of the penalty shall be waived off; within 30 days issue of demand order 50% of penalty amount.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 33 | A | Collection of tax, Payment of tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 34 | A | As per the section 73(9) The proper officer shall, after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and a penalty equivalent to ten per cent. of tax or ten thousand rupees, whichever is higher, due from such person and issue an order.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 35 | A | A Garnishee order is a common form of enforcing a judgement debt against a creditor to recover money. Section 79 of CGST 2017, provides the Procedure for recovery of Tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

# REFUND UNDER GST

## Question 1

M/s. Pee Kay (P) Ltd. is registered in Haryana. While entering their outward supplies in FORM GSTR-3B for the month of Jul-18, the company realized that they had inadvertently shown inter-State supply as intra-State supply and paid its wrong liability

- (A) The company can rectify wrongly reported liability using edit facility
- (B) The company can revise the return within 90 days
- (C) The company will have to pay IGST and claim refund of CGST/ SGST
- (D) No remedy available

## Question 2

Refunds of ITC will not be allowed in cases of:-

- (A) Exports made on which export duty is levied
- (B) Exports made without payment of tax
- (C) Inverted duty structures where tax on inputs are higher than tax on outputs
- (D) None of the above

## Question 3

Refunds application is to be filed before the expiry of \_\_\_\_\_ from the relevant date.

- (A) Two Years
- (B) One year
- (C) 180 days
- (D) 260 days

## Question 4

A specialized agency of the UNO can claim refund of tax paid on...

- (A) Intra-State supply of goods and/or services
- (B) Inter-state supply of goods and/or services
- (C) Inward supply of goods and/or services
- (D) All of the above

## Question 5

What is the time limit for filing of refund application by a specialized agency of the UNO?

- (A) Before the expiry of eight months from the last day of the quarter in which such inward supply received
- (B) Before expiry of eight months from the last day of the month in which such inward supply received
- (C) Before expiry of six months from the last day of the month in which such inward supply was received
- (D) Before expiry of 2 years from the last day of the quarter in which such inward supply was received

## Question 6

A registered person claiming refund of balance in electronic cash ledger may make such a claim in:-

- (A) Application for refund
- (B) Annual Return
- (C) Returns filed at the end of tax periods
- (D) None of the above

## Question 7

The applicant is not required to furnish documentary evidence if the amount of refund claimed is less than:

- (A) ₹ 6 lacs
- (B) ₹ 2 lac
- (C) ₹ 10 lac
- (D) ₹ 20 lac

## Question 8

Refund shall not be paid to the applicant if the amount of refund is less than

- (A) ₹ 1000
- (B) ₹ 5000
- (C) ₹ 7000
- (D) ₹ 10000

## Question 9

The time limit available to proper officer to pass final order after accepting the refund application is-

- (A) Within sixty days from the date of receipt of application
- (B) Within eighty days from the date of receipt of application
- (C) Within ninety days from the date of receipt of application
- (D) Within thirty days from the date of receipt of application

## Question 10

Interest on refund amount is required to be paid after expiry of \_\_\_\_\_ from the date of receipt of the application

- (A) 60 days
- (B) 90 days
- (C) 180 days
- (D) 240 days

## Question 11

What is the rate of interest to be payable in case of delay in sanctioning the refund claimed?

- (A) Not exceeding 6%
- (B) Not exceeding 8%
- (C) Not exceeding 10%
- (D) Not exceeding 12%



Question .12 

\_\_\_\_\_ will be treated as application for refund in case of IGST paid on goods exported.

- (A) GSTR-3
- (B) Form GST RFD-01 A
- (C) Shipping Bill/Bill of Export
- (D) FIRC

Question .13 

Which of the following documents are for refund in case of export of services without payment of tax?

- (A) Copy of FORM GST RFD-11
- (B) The details of the export invoices contained in FORM GSTR-1 furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system.
- (C) Furnish Information relating to exports as in TABLE 6A of Form GSTR-1
- (D) All of the above

Question .14 

BRC stands for \_\_\_\_\_

- (A) Bank Realisation Certificate
- (B) Bank Reconciliation Certificate
- (C) Business Remittance Certificate
- (D) Bank Remittance Certificate

Question .15 

In which of the following cases, manual refund application is permissible?

- (A) Refund of IGST paid on exports of services
- (B) Refund of unutilized input tax credit due to accumulation of credit of tax paid on inputs or input services used in making zero rated supplies of goods or services or both
- (C) Inverted duty structure
- (D) All of the above

Question .16 

In case where taxable person has passed burden of tax to another person, the refund amount shall be credited to \_\_\_\_\_

- (A) His Bank account
- (B) Public Welfare Fund
- (C) Bank account of the person to whom burden has been passed
- (D) Consumer Welfare Fund

Question .17 

Who among the following cannot file application in form GST RFD-01?

- (A) Agency of the UN organization
- (B) Consulate or Embassy of foreign countries
- (C) Organization notified under the United Nations (Privileges and Immunities) Act, 1947
- (D) All of the above

Question .18 

Which of the following statement is incorrect?

- (A) Refund of unutilized input tax credit shall be allowed in case of exports including zero-rated supplies
- (B) Refund of unutilized input tax credit shall be allowed in case it has been accumulated on account of rate on output supplies is higher than the rate of tax on output supplies.
- (C) Refund of unutilized input tax credit shall be allowed in cases where the goods exported out of India are subject to export duty
- (C) Refund of unutilized input tax credit shall not be allowed in case the supplier of good or services avails duty drawback of GST

Question .19 

Mode of calculation of refund of ITC in zero rated supplies is as follows:

- (A) Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) \* Net ITC/Adjusted Total turnover
- (B) Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) \* Net ITC/Gross Total turnover
- (C) Refund Amount = (Turnover of zero-rated supply of goods \* Net ITC/Adjusted Total turnover)
- (D) Refund Amount = (Turnover of zero-rated supply of services \* Net ITC/Adjusted Total turnover)

Question .20 

What is the full form of LUT?

- (A) Letter of Undertaking
- (B) Letter of unutilized ITC
- (C) Letter of Unique Identification
- (D) Loading Under Transit

Question .21 

Refund amount is credited to \_\_\_\_\_, if the amount is refundable and to \_\_\_\_\_, if the amount is not refundable.

- (A) Bank account of the registered applicant, Consumer application fund
- (B) Bank account of the unregistered applicant, Consumer application fund
- (C) Bank account of the registered or unregistered applicant, Consumer Welfare Fund

- Ⓐ Bank account of the registered applicant, Consumer Welfare Fund

### Question 22

M/s Raman Plastics is a manufacturer of plastic toys. It is registered under GST in Shimla, Himachal Pradesh. It furnishes the return on monthly basis. It procures its raw materials from Punjab. During the month of April 2021, it purchased material of ₹ 35.00 lakh and paid IGST thereon amounting to ₹ 6.30 lakh. It supplied 30% of its production in the State of Jammu and Kashmir, whereas the 70% of its production was supplied taxable @ 0.1% to a merchant exporter during the month of April 2021. The returns for the month of April 2021 were duly filed in time, i.e. within the due date of 20th May, 2021. The last date upto which the taxpayer can claim refund of input tax credit on account of inverted duty structure is:

- Ⓐ 20th April, 2023  
Ⓑ 20th May, 2023  
Ⓒ 31st March, 2024  
Ⓓ 20th April, 2022

### Question 23

Mr. Prabhu, registered under GST in Mumbai, is in the business of trading of marble handicraft items domestically as also exporting the same. His annual turnover and input tax details are as follows:

Mr. Prabhu exported the goods under LUT without payment of IGST. Value of like goods domestically supplied by him is ₹ 60,00,000.

|                | Turnover    | Tax paid on inputs |
|----------------|-------------|--------------------|
| Taxable goods  | 1,25,00,000 | 12,50,000          |
| Exported goods | 75,00,000   | 5,50,000           |
| Exempted goods | 50,00,000   | 5,00,000           |

Mr. Prabhu seeks your help in calculating the amount of refund of ITC which he is eligible to claim under GST law. The refund amount is:

- Ⓐ 18,00,000  
Ⓑ 6,75,000  
Ⓒ 5,40,000  
Ⓓ 6,90,000

### Question 24

M/s XYZ Ltd. filed & application for refund of tax amounting Rs 10 lakh on 01 Oct 2018. The refund was granted on 25 Dec 2018. Compute the amount of interest, if any payable to XYZ Ltd. as per the provision of Sec 56 of CGST Act 2017.

- Ⓐ 4,110  
Ⓑ 13973  
Ⓒ 9863  
Ⓓ Nil

### Question 25

Which of the following statement is incorrect

- Ⓐ The applicant is not required to furnish documentary evidence if the amount of refund claimed is less than ₹ 2,00,000  
Ⓑ 'Tourist' means a person not normally resident in India, who enters India for a stay of not less than 6 months for legitimate non-immigrant purposes.  
Ⓒ Order sanctioning the amount of refund due to the said applicant on a provisional basis shall be made within 7 days from the date of the acknowledgement.  
Ⓓ None of these

### Question 26

M/s. Sunlight Associates, is a management consultancy firm located in Delhi and has certain foreign clients to whom the firm provides business support services. In regard to one of the foreign clients, certain services were rendered in the month of January, 2018 and the invoice was duly raised. The firm undertakes such export of services against Letter of Undertaking, i.e. without payment of integrated tax. However, it is likely that the payment against such invoice would not be received till March, 2019. Is M/s. Sunlight Associates, required to pay integrated tax on such a transaction if the payment is not received till March, 2019? In case integrated tax is payable, is M/s. Sunlight Associates, entitled to claim refund on this amount in January 2018? State which of the following option is correct

- Ⓐ Integrated tax is payable by M/s. Sunlight Associates, but refund of payment of such tax is not allowed  
Ⓑ Integrated tax is payable by M/s. Sunlight Associates, and refund of payment of such tax is allowed  
Ⓒ Integrated tax is not payable and refund of accumulated ITC is allowed  
Ⓓ Either (b) or (c)

### Question 27

Which of the following statement is correct

- Ⓐ Relevant date for claiming refund in case of deemed exports is due date of filing return by supplier  
Ⓑ Relevant date for claiming refund in case of deemed exports is Actual date of filing return by recipient  
Ⓒ Relevant date for claiming refund in case of deemed exports is Actual date of filing return by Supplier  
Ⓓ Either (B) or (C)

Question .28 

M/s. Global Exports (P) Ltd. made following supplies as under:

- (i) Exports of taxable goods made on 01-Jun-2018 with payment of tax. GST returns were duly filed in time. However, GST RFD-01 has not been filed.
- (ii) Exports of exempted goods were made on 15-Jul-2018 under letter of undertaking. However, input tax credit in respect of manufacturing of such goods is Rs. 50,000/-. Refund application GST RFD01 is filed on 30-Apr 2019 i.e. after the end of financial year 2018- 19.
- (iii) Goods supplied to the export oriented unit on 29-Jul-2018 and return for the month of July, 2018 was filed on 20-Aug-2018. Input tax credit in respect of such supply is Rs. 26,000/- and an undertaking was received from the recipient that it will not claim input tax credit and supplier may seek refund. GST RFD-01 is filed on 01-Dec-2020.
- (iv) Supply of services outside India were made on 11- Aug-2018 and payment was received on 10- Oct-2018. Input tax credit in respect of such supply is Rs.48,000/- GST RFD-01 is filed on 30- Sep-2020. Note: Payment is received in US Dollars (\$) for all transactions except transaction (i).

Determine in which of above mentioned transactions, refund is available to M/s. Global Exports (P) Ltd.?

- (A) (ii), (iii) and (iv)
- (B) (i), (ii) and (iv)
- (C) (iii) and (iv)
- (D) (i) and (ii)

Question .29 

In which of the following cases refund is not subject to unjust enrichment?

- (A) Refund of IGST paid on Supplies to SEZ
- (B) Refund of balance in electronic cash ledger
- (C) Refund on account of finalisation of provisional assessment
- (D) All the above

Question .30 

The applicant is required to furnish CA/CMA certificate along with refund application if the amount of refund claimed exceeds:-

- (A) Rs. 6 lacs
- (B) Rs. 2 lac
- (C) Rs. 10 lac
- (D) Rs. 20 lac

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | C              | As per the section 77 of CGST Act 2017 the amount inadvertently shown inter-State supply as intra-State supply can be paid and claim the refund of the wrong amount paid                                                                                                                                                                                                                                                                                          |
| 2    | A              | (a) Exports made on which export duty is levied- Refund will be allowed in the customs so no refund will be allowed in the GST<br>(b) Exports made without payment of tax - refund will be allowed<br>(c) Inverted duty structures where tax on inputs are higher than tax on outputs - refund will be allowed                                                                                                                                                    |
| 3    | A              | As Per Section 54(1), Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application <u>before the expiry of two years from the relevant date</u> in such form and manner as may be prescribed                                                                                                                                                                                             |
| 4    | C              | As per the Section 54(2), A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 55, entitled to a refund of tax paid by it on inward supplies of goods or services or both, can apply for refund. |
| 5    | D              | As per the Section 54(2), A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 55, entitled to a refund of tax paid by it on inward supplies of goods                                            |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | or services or both, may make an application for such refund, in such form and manner as may be prescribed, before the expiry of two years from the last day of the quarter in which such supply was received.                                                                                                                                                                                                                                                                                                                                                                                     |
| 6  | A | As per the Rule 89(1), Any person, except the persons covered under notification issued under section 55, claiming refund of any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 or any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file subject to the provisions of rule 10B, an application electronically in FORM GST RFD-01 through the common portal, either directly or through a Facilitation Centre notified by the Commissioner. |
| 7  | B | As per the rule 89(2)(i), A declaration to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed does not exceed two lakh rupees.                                                                                                                                                                                                                                                                                                                                          |
| 8  | A | As per the Section 54(14), Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.                                                                                                                                                                                                                                                                                                                                                                                   |
| 9  | A | As per the Section 54(7), The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 10 | A | The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 11 | A | As Per the Section 54(12), Where a refund is withheld under sub-section (11), the taxable person shall, notwithstanding anything contained in section 56, be entitled to interest at such rate not exceeding six per cent. as may be notified on the recommendations                                                                                                                                                                                                                                                                                                                               |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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|    |   | of the Council, if as a result of the appeal or further proceedings he becomes entitled to refund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 12 | C | In case of Refund of IGST paid on Export of Goods, It is shipping Bill.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 13 | D | As per the Rule 96A of CGST Rules 2017, (i) Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in FORM GST RFD-11 (ii) The details of the export invoices contained in FORM GSTR-1 furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system (iii) Furnish Information relating to exports as in TABLE 6A of Form GSTR-1 |
| 14 | A | a statement containing the number and date of invoices and the relevant Bank Realisation Certificates or Foreign Inward Remittance Certificates, as the case may be, in a case where the refund is on account of the export of services.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 15 | D | As per the Rule 97A of CGST Rules 2017, In respect of any process or procedure prescribed herein, any reference to electronic filing of an application, intimation, reply, declaration, statement or electronic issuance of a notice, order or certificate on the common portal shall, in respect of that process or procedure, include manual filing of the said application, intimation, reply, declaration, statement or issuance of the said notice, order or certificate in such Forms as appended to these rules.                                                                                                                                                              |
| 16 | D | In case where taxable person has passed burden of tax to another person, the refund amount shall be credited to Consumer Welfare Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17 | D | A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 55, who shall make application for refund in RFD - 10.                                                                                                                                                                                                                                                                                                                |
| 18 | C | 1) Refund of unutilized input tax credit shall be allowed in case of exports including zero-rated supplies. the statement is correct.<br>2) Refund of unutilized input tax credit shall be allowed in case it has been accumulated on account of rate on output supplies is higher than the rate of tax on output supplies. The statement is correct.<br>3) Refund of unutilized input tax credit shall be allowed in cases where the goods exported out of India are subject to export duty. The statement is not correct.<br>4) Refund of unutilized input tax credit shall not be allowed in case the supplier of good or services avails duty drawback of GST. The statement is correct |
| 19 | A | ITC in zero rated supplies Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services)* Net ITC/Adjusted Total turnover                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 20 | A | LUT -Letter of Undertaking which is to be furnished for making zero rated supplies without payment of IGST.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 21 | C | In case of an unregistered recipient, refund is not subject to unjust enrichment, so the question of consumer welfare fund shall not arise.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 22 | B | In case of refund of unutilised ITC on account of inverted duty structure, the relevant date is Due date for furnishing of return under section 39 for the period in which such claim for refund arises. Therefore, in the present case the application should be made on or before 20th May 2023.                                                                                                                                                                                                                                                                                                                                                                                          |
| 23 | B | Maximum refund = Net ITC X zero rated/Adjusted total = 18,00,000 X 75/200 = Rs 6,75,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 24 | A | Refund application date = 01/10/2018<br>Refund payment date = 25/12/2018<br>No of days from application to refund = 85 days<br>No of days for which interest needs to be computed = 85 - 60 = 25 days<br>Interest = Rs 10 lakhs X 6% X 25/365 = Rs 4,110.                                                                                                                                                                                                                                                      |
| 25 | B | "Tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes                                                                                                                                                                                                                                                                                                                                                         |
| 26 | A | Refund can be claimed in case of export of services, only when consideration is realised in convertible foreign exchange. In the present case, they are realising the forex proceeds only in March, 2019 they cannot apply for refund in Jan 2018.                                                                                                                                                                                                                                                             |
| 27 | B | Relevant date In case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods is the Date on which the return relating to such deemed exports is furnished.                                                                                                                                                                                                                                                                                              |
| 28 | B | (i) In case of export of goods, shipping bill or bill of export, is refund application and RFD 01 not required- So refund can be claimed in this case<br>(ii) The time limit for refund application is 2 years from the relevant date i.e., date of export. In this case a refund can be claimed as an application is filed within time.<br>(iii) Application filed beyond 2 years from 20th August, so refund not possible<br>(iv) Application filed within 2 years from 10th October, so refund is possible. |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 29 | B | <p>Neither a declaration by the applicant nor a certificate by a Chartered Accountant/Cost Accountant is required to be furnished in the following cases:</p> <ul style="list-style-type: none"> <li>(a) refund of tax paid on export of goods or services or both or on inputs or input services used in making such exports;</li> <li>(b) refund of unutilised ITC in case of zero rated supplies made without payment of tax or on account of inverted duty structure;</li> <li>(c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued.</li> <li>(d) refund of tax in pursuance of section 77, i.e. tax paid on a transaction treating it as an intra-State supply, but which is subsequently held to be an inter-State supply or vice-versa.</li> <li>(e) Refund of balance in electronic cash ledger</li> <li>(f) Refund claimed by Unregistered recipient</li> </ul> |
| 30 | B | <p>where the amount of refund claimed exceeds ₹ 2 lakh, a Certificate in Annexure 2 of Form GST RFD-01 by a Chartered Accountant or a Cost Accountant to the effect that there is no unjust enrichment in the case of the applicant</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|   |   |   |   |   |
|---|---|---|---|---|
| N | O | T | E | S |
|---|---|---|---|---|

# MISCELLANEOUS PROVISIONS

## Question 1

Goods are handed over by consignor to transporter on Friday evening at 17:00 hrs and the transporter starts the movement of goods in a truck on Monday evening at 17:00 hrs after generating e-way bill. When will the validity period for e-way bill end if the distance is 280 Kms?

- (A) Tuesday at 24:00 hrs
- (B) Wednesday at 24:00 hrs
- (C) Tuesday at 17:00 hrs
- (D) Saturday at 24:00 hrs

## Question 2

What is the limit of amount above which movement of goods in a conveyance require E-way Bill?

- (A) 50,000
- (B) 15,000
- (C) 1,00,000
- (D) 10,000

## Question 3

Which of the following value shall be excluded for determining the transaction value of consignment for e-way bill?

- (A) Value of exempt supply if the invoice has both taxable and exempt goods
- (B) Delivery charges
- (C) Central tax, state tax or union territory tax, integrated tax and cess
- (D) Packing charges

## Question 4

When should e-way bill be issued?

- (A) In relation to supply
- (B) For reasons other than a supply (return)
- (C) Due to inward supply from an unregistered person
- (D) All of the above

## Question 5

In what circumstances the transporter need to issue e-way bill if the supplier has not issued it?

- (A) If the single consignment document is less than ₹ 50,000
- (B) If aggregate of all the consignment exceeds ₹ 50,000 but individually the consignment does not exceed ₹ 50,000
- (C) If the aggregate consignment does not exceed ₹ 50,000
- (D) None of these

## Question 6

In which of the following situations E-way bill will not be required?

- (A) When the goods valuing ₹ 55,000 are transported using bullock cart
- (B) When the goods are transported from the customs port, airport, air cargo complex and land custom station to an inland container depot or a container freight station for clearance by customs. Goods value - ₹ 2,00,000/-
- (B) When the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel
- (D) All the above cases

## Question 7

Which documents are required for sending taxable goods from branch office in one State to head office in another State?

- (A) Tax invoice and e way bill
- (B) Delivery Challan and e way bill
- (C) Bill of Supply and e way bill
- (D) All of the above

## Question 8

Who is liable to pay the tax in case of Principal and Agent?

- (A) Principal
- (B) Agent
- (C) Both jointly and severally
- (D) Jointly

## Question 9

When two or more companies are amalgamated, the liability to pay tax on supplies between the effective date of amalgamation order and date of amalgamation order would be on -

- (A) Transferee;
- (B) Respective companies
- (C) Any one of the companies
- (D) None of the above

## Question 10

In case of amalgamation between two companies, such companies shall be treated as two distinct companies till -

- (A) Till the date of the Court order
- (B) Till the effective date of merger
- (C) Till the date of cancellation of registration
- (D) None of the above

## Question 11

Intimation regarding appointment of liquidator should be given to the Commissioner within 30 days of

- (A) Liquidation

- Ⓑ Cancellation of registration
- Ⓒ Appointment of Liquidator
- Ⓓ Order of Court

### Question .12

Commissioner will notify the amount of liability within how many days of intimation & Liquidation

- Ⓐ 3 months
- Ⓑ 30 days
- Ⓒ 60 days
- Ⓓ 6 Months

### Question .13

When shall the Director be not liable to pay the tax dues if the company is not able to pay?

- Ⓐ Liquidator refuses to pay
- Ⓑ Auditor refuses to pay
- Ⓒ If the non-recovery is not due to gross neglect of the Director
- Ⓓ None of the above

### Question .14

When shall the Director of a Private Limited Company be not liable to pay the tax, interest penalty, if the company is not able to pay?

- Ⓐ In all cases
- Ⓑ Company refuses to pay
- Ⓒ If the non-recovery is not due to gross neglect misfeasance or breach of duty of the Director.
- Ⓓ None of the above

### Question .15

Intimation about retirement of the partner to the commissioner has to be given within \_\_\_\_\_

- Ⓐ 1 month
- Ⓑ 60 days
- Ⓒ 90 days
- Ⓓ 45 days

### Question .16

If the intimation is delayed to the Commissioner, then the retiring partner is liable to pay tax, interest or penalty till:

- Ⓐ The intimation of the date of retirement of partner is received by the Commissioner
- Ⓑ Till the date of acceptance of intimation by the Department
- Ⓒ Till the date of retirement
- Ⓓ Till the date of show cause notice

### Question .17

In case of business carried on by minor or other incapacitated person through Guardian/ Agent who is liable to pay tax?

- Ⓐ Guardian
- Ⓑ Friend

- Ⓒ Business Partner
- Ⓓ None

### Question .18

If the estate or any portion of the estate of a taxable person is under the control of the Court of Wards, Administrative General etc., and the tax due from such taxable person is liable to be paid by -

- Ⓐ Court of Wards.
- Ⓑ Taxable Person
- Ⓒ Legal representative of taxable person
- Ⓓ None of the above

### Question .19

The Court of Wards, Administrative General, etc., must be appointed by

- Ⓐ Supreme Court
- Ⓑ High Court
- Ⓒ Any court
- Ⓓ None of the above

### Question .20

Who is liable to pay tax if the business of an individual is discontinued before his death?

- Ⓐ Board of Directors or Manager
- Ⓑ Any member of his person who is willing to pay
- Ⓒ Legal representative of taxable person
- Ⓓ Employee

### Question .21

The legal representative or any other person of an individual person who is dead is liable to pay tax, only if-

- Ⓐ The business has been carried on by the legal representative
- Ⓑ The business has been carried by the legal representative or any other person
- Ⓒ The business has been carried by any other person
- Ⓓ None of the above

### Question .22

In case of discontinuance of the AOP, the liability of the member exists in respect of the tax dues imposed \_\_\_\_\_

- Ⓐ Prior to the date of discontinuance
- Ⓑ After the date of discontinuance
- Ⓒ Both prior and after the date of discontinuance
- Ⓓ None of the above

### Question .23

Which of the following statements are true in case of retirement of a partner from the firm, under GST law?

- Ⓐ Retiring partner and not the firm shall intimate the date of his retirement to the Commissioner.



Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.

- Ⓑ The firm and not the retiring partner shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.
- Ⓒ Either retiring partner or the firm, shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of his retirement, whether determined or not, on that date
- Ⓓ Either retiring partner or the firm, shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.

#### Question .24

Liability, firms & each of the partners — business is discontinued or there is a change in constitution or firm is dissolved.

- Ⓐ Will Discontinue if the
- Ⓑ Will Continue even if
- Ⓒ May Discontinue if the
- Ⓓ May Continue even if

#### Question .25

M/s ABC Ltd. registered under GST in Delhi, is engaged in printing and selling of books as well as trading of stationery items. It has provided following information of a consignment which is to be supplied to Mumbai:

- (i) Taxable value of supplies indicated on tax invoice ₹ 35,000
- (ii) Value of exempted supplies ₹ 4,000
- (iii) Value of goods to be sent to job worker on delivery challan ₹ 19,000

Calculate the consignment value for the purpose of generating e-way bill for inter-state supply of goods. Assume rate of tax on taxable goods to be 18%.

- Ⓐ ₹ 35,000
- Ⓑ ₹ 58,000
- Ⓒ ₹ 64,300
- Ⓓ ₹ 60,300

#### Question .26

Where the National Anti-Profiteering Authority determines that a registered person has not passed on the benefit of input tax credit to the recipient by way of commensurate reduction in price, The Authority may order.

- i. Reduction on prices

- ii. Imposition of prescribed penalty
- iii. Cancellation of registration

Which of the above options are correct

- Ⓐ i and ii.
- Ⓑ i and iii.
- Ⓒ i, ii and iii
- Ⓓ i

#### Question .27

Which documents are required to send goods from branch office in one State to head office in another State?

- Ⓐ Tax invoice and e way bill
- Ⓑ Receipt Voucher and e way bill
- Ⓒ Payment Voucher and e way bill
- Ⓓ All of the above

#### Question .28

Is e-way bill mandatory in case of transport of the handicraft goods from one State to another State by a person who has been exempted from the requirement of obtaining registration?

- Ⓐ E-way Bill is not required as the supplier is exempt from the requirement of obtaining registration
- Ⓑ E-way Bill is mandatory only if the value of consignment is more than ₹ 50,000.
- Ⓒ E-way Bill is mandatory even if the value of consignment does not exceed ₹ 50,000.
- Ⓓ None of the above

#### Question .29

What are the methods to serve notice/ order/ documents under GST Act?

- Ⓐ Only by registered post acknowledgement due
- Ⓑ By speed post (acknowledgement due not necessary)
- Ⓒ Common portal
- Ⓓ All of the above except (b)

#### Question .30

With respect to a corporate debtor under IBC, which of the following statement is false

- Ⓐ Their existing registration stands suspended immediately as and when CIRP initiated
- Ⓑ They are not required to obtain any registration as registration is obtained by IRP/RP appointed
- Ⓒ IRP/RP appointed should obtain new registration w.r.to each registration of corporate debtor
- Ⓓ Corporate debtor is required to file the returns for the period prior to the date of initiation of CIRP, even if CIRP is initiated.

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | B              | Validity of E-way bill is 1 day for every 200 kms (or) part thereof, in case of other than over dimensional cargo & multimode transportation involving one leg of journey by vessel.                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2    | A              | Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees- (i) in relation to a supply; or (ii) for reasons other than supply; or (iii) due to inward supply from an unregistered person, shall, before commencement of such movement, furnish information relating to the said goods as specified in Part A of electronically, on the common portal along with such other information as may be required on the common portal and a unique number will be generated on the said portal                                                     |
| 3    | A              | As per the Explanation 2 to the rule 138(1).- For the purposes of this rule, the 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    | D              | Information to be furnished prior to commencement of movement of goods and generation of e-way bill.-(1) Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees- (i) in relation to a supply; or (ii) for reasons other than supply; or (iii) due to inward supply from an unregistered person, shall                                                                                                                                                                                                                                    |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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|    |   | , before commencement of such movement, furnish information relating to the said goods as specified in Part A of FORM GST EWB-01, electronically, on the common portal along with such other information as may be required on the common portal and a unique number will be generated on the said portal.                                                                                                                                                                                                                                                                                                                            |
| 5  | B | If aggregate of all the consignment exceeds ₹ 50,000 but individually the consignment does not exceed ₹ 50,000 the transporter need to issue e-way bill if the supplier has not issued it                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 6  | D | All the given cases are relaxation w.r. to generation of E-way Bill.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 7  | A | When send goods from branch office in one State to head office in another State then Tax invoice and E-way bill should be carried along with the same irrespective of value of goods                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 8  | C | As per the Section 86, Where an agent supplies or receives any taxable goods on behalf of his principal, such agent and his principal shall, jointly and severally, be liable to pay the tax payable on such goods under this Act.                                                                                                                                                                                                                                                                                                                                                                                                    |
| 9  | A | As per the Section 87(1), When two or more companies are amalgamated or merged in pursuance of an order of court or of Tribunal or otherwise and the order is to take effect from a date earlier to the date of the order and any two or more of such companies have supplied or received any goods or services or both to or from each other during the period commencing on the date from which the order takes effect till the date of the order, then such transactions of supply and receipt shall be included in the turnover of supply or receipt of the respective companies and they shall be liable to pay tax accordingly. |
| 10 | A | As per the Section 87(2), The said two or more companies shall be treated as distinct companies for the period up to the date of the said order and the registration certificates of the said companies shall be cancelled with effect from the date of the said order.                                                                                                                                                                                                                                                                                                                                                               |

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| 11 | C | As per the Section 88(1), When any company is being wound up whether under the orders of a court or Tribunal or otherwise, every person appointed as receiver of any assets of a company (hereafter in this section referred to as the "liquidator"), shall, within thirty days after his appointment, give intimation of his appointment to the Commissioner.                                                                                                                                                                    |
| 12 | A | As per the Section 88(2), The Commissioner shall, after making such inquiry or calling for such information as he may deem fit, notify the liquidator within three months from the date on which he receives intimation of the appointment of the liquidator, the amount which in the opinion of the Commissioner would be sufficient to provide for any tax, interest or penalty which is then, or is likely thereafter to become, payable by the company.                                                                       |
| 13 | C | As per the Section 89(1), where any tax, interest or penalty due from a private company in respect of any supply of goods or services or both for any period cannot be recovered, then, every person who was a director of the private company during such period shall, jointly and severally, be liable for the payment of such tax, interest or penalty unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company. |
| 14 | C | As per the Section 89(1), where any tax, interest or penalty due from a private company in respect of any supply of goods or services or both for any period cannot be recovered, then, every person who was a director of the private company during such period shall, jointly and severally, be liable for the payment of such tax, interest or penalty unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company. |

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| 15 | A | As per the Second Proviso of Section 90, If no such intimation is given within one month from the date of retirement, the liability of such partner under the first proviso shall continue until the date on which such intimation is received by the Commissioner.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 16 | C | As per the Proviso of Section 90, where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing and such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date                                                                                                                                                                                                                                                                                                                                                                  |
| 17 | A | As per the Section 91, Where the business in respect of which any tax, interest or penalty is payable under this Act is carried on by any guardian, trustee or agent of a minor or other incapacitated person on behalf of and for the benefit of such minor or other incapacitated person, the tax, interest or penalty shall be levied upon and recoverable from such guardian, trustee or agent in like manner and to the same extent as it would be determined and recoverable from any such minor or other incapacitated person, as if he were a major or capacitated person and as if he were conducting the business himself, and all the provisions of this Act or the rules made thereunder shall apply accordingly. |
| 18 | A | As per the Section 92, Where the estate or any portion of the estate of a taxable person owning a business in respect of which any tax, interest or penalty is payable under this Act is under the control of the Court of Wards, the Administrator General, the Official Trustee or any receiver or manager (including any person, whatever be his designation, who in fact manages the business) appointed by or under any order of a court, the tax, interest or penalty shall be levied upon and be recoverable from such Court of Wards, Administrator General, Official Trustee, receiver or manager in like manner and to the same.                                                                                    |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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|    |   | extent as it would be determined and be recoverable from the taxable person as if he were conducting the business himself, and all the provisions of this Act or the rules made thereunder shall apply accordingly                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 19 | C | As per the Section 92, Where the estate or any portion of the estate of a taxable person owning a business in respect of which any tax, interest or penalty is payable under this Act is under the control of the Court of Wards, the Administrator General, the Official Trustee or any receiver or manager (including any person, whatever be his designation, who in fact manages the business) appointed by or under any order of a court, the tax, interest or penalty shall be levied upon and be recoverable from such Court of Wards, Administrator General, Official Trustee, receiver or manager in like manner and to the same extent as it would be determined and be recoverable from the taxable person as if he were conducting the business himself, and all the provisions of this Act or the rules made thereunder shall apply accordingly. |
| 20 | C | As per Section 93(1)(b), if the business carried on by the person is discontinued, whether before or after his death, his legal representative shall be liable to pay, out of the estate of the deceased, to the extent to which the estate is capable of meeting the charge, the tax, interest or penalty due from such person under this Act, whether such tax, interest or penalty has been determined before his death but has remained unpaid or is determined after his death.                                                                                                                                                                                                                                                                                                                                                                          |
| 21 | B | As Per the Section 93(1)(a), If a business carried on by the person is continued after his death by his legal representative or any other person, such legal representative or other person, shall be liable to pay tax, interest or penalty due from such person under this Act;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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| 22 | C | As per the Section 94(1)(b), every person who, at the time of such discontinuance, was a partner of such firm, or a member of such association or family, shall, notwithstanding such discontinuance, jointly and severally, be liable for the payment of tax and interest determined and penalty imposed and payable by such firm, association or family, whether such tax and interest has been determined or penalty imposed prior to or after such discontinuance and subject as aforesaid, the provisions of this Act shall, so far as may be, apply as if every such person or partner or member were himself a taxable person.                                                                                                                                                                                                                                                              |
| 23 | C | As per the Section 90, Notwithstanding any contract to the contrary and any other law for the time being in force, where any firm is liable to pay any tax, interest or penalty under this Act, the firm and each of the partners of the firm shall, jointly and severally, be liable for such payment: Provided that where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing and such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date: Provided further that if no such intimation is given within one month from the date of retirement, the liability of such partner under the first proviso shall continue until the date on which such intimation is received by the Commissioner. |
| 24 | B | As per the Section 94(1)(b), Where a taxable person is a firm or an association of persons or a Hindu Undivided Family and such firm, association or family has discontinued business, every person who, at the time of such discontinuance, was a partner of such firm, or a member of such association or family, shall, notwithstanding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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|    |   | such discontinuance, jointly and severally, be liable for the payment of tax and interest determined and penalty imposed and payable by such firm, association or family, whether such tax and interest has been determined or penalty imposed prior to or after such discontinuance and subject as aforesaid, the provisions of this Act shall, so far as may be, apply as if every such person or partner or member were himself a taxable person. As per the Section 94(2), Where a change has occurred in the constitution of a firm or an association of persons, the partners of the firm or members of association, as it existed before and as it exists after the reconstitution, shall, without prejudice to the provisions of section 90, jointly and severally, be liable to pay tax, interest or penalty due from such firm or association for any period before its reconstitution. |
| 25 | D | Value for purpose of EWB provisions = Consignment Value of goods = GST Inclusive value (however, value of exempt supply shall be excluded) [Further, value of goods other than by way of supply shall also be included and thus, goods sent for jobwork shall also be included]<br>Accordingly, in given case, Value = $[(35,000 + 18\%)+(19,000)] = 60,300$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 26 | B | Sec 171 of CGST Act<br>NAPA can take all of the above action against supplier found guilty of Anti-Profitteering                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 27 | A | Tax invoice and E-way bill<br>Sec 25 HO In one state & BO in another state = Deemed Distinct person<br>Sec 7 Stock transfer of goods between DDP = Supply [Sec 7(I) (c) read with Schedule I (Para 2)]<br>Sec 51 Every supply to be documented by way of Issuance of tax Invoice.<br>Rule 158 Presuming the value of goods under movement is more than 50,000 - EWB is also required                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| 28 | C | Sec 25 (2) Supplier of Handicraft goods - making inter-state supply of value upto ₹ 20 lakh - exempted from requirement of taking registration<br><br>Condition of exemption of registration is that such supplier must have PAN and they shall raise EWB for every movement of such handicraft goods<br><br>Rule 158 Mandatory EWB where handicraft supplier is supplying goods availing above exemption.                                                                                                              |
| 29 | D | Following are the modes of service of notice as per Sec. 169<br>1. Giving or tendering directly<br>2. Registered post/speed post/courier with acknowledgment due<br>3. E Mail<br>4. At common portal<br>5. Publication in news paper<br>6. Affixing at place of business                                                                                                                                                                                                                                                |
| 30 | B | The corporate debtor who is undergoing CIRP is to be treated as a distinct person of the corporate debtor and shall be liable to take a new registration in each State or Union territory where the corporate debtor was registered earlier, within thirty days of the appointment of the IRP/RP. However, corporate debtors who have not defaulted in furnishing statements (GSTR-1) and returns under GST would not be required to obtain a separate registration with effect from the date of appointment of IRP/RP. |

**N O T E S**

# TAXABLE EVENT UNDER CUSTOMS

## Question .1

In the context of Indian Customs law, ICEGATE means

- (A) Indian Customs Electronic Data Interchange Gateway
- (B) Indian Customs Electronic Gateway
- (C) Inter-Continental Electronic Gateway
- (D) None of the above

## Question .2

Which of the following options is/are correct?

- (i) Indian customs waters extend up to 12 nautical miles.
  - (ii) Indian customs waters extend up to 24 nautical miles.
  - (iii) Indian customs waters extend beyond 200 nautical miles from base line.
  - (iv) Indian customs waters include territorial waters and extend up to 200 nautical miles.
- (A) Only (ii)
  - (B) Only (ii)
  - (C) (ii) and (iv)
  - (D) Only (iv)

## Question .3

What is the relevant date for determining rate of duty in case of warehoused goods before clearing for home consumption?

- (A) Date of presentation of in-bond bill of entry
- (B) Date of presentation of ex-bond bill of entry i.e. bill of entry for home consumption from warehouse
- (C) Date of payment of duty
- (D) Date of import of goods into India

## Question .4

The relevant date for determining the rate of exchange in case of imported goods is:

- (A) date when the vessel arrives in India.
- (B) date of presentation of bill of entry.
- (C) date of examination of goods by proper officer.
- (D) date of deposit of duty.

## Question .5

\_\_\_\_\_ Entry of Union List has given the power to Central Government to levy duties of Customs including export duties

- (A) 82
- (B) 83
- (C) 84
- (D) 85

## Question .6

Goods are deemed to have been imported if the vessel enters the imaginary line on the sea at the \_\_\_\_\_ nautical mile i.e. if the vessel enters the territorial waters of India. Therefore, a vessel not bound to India should not enter these waters

- (A) 12
- (B) 10
- (C) 100
- (D) 200

## Question .7

In case of goods entered for home consumption the rate of duty and tariff valuation shall be the rate on Date of presentation of bill of entry or

- (A) Arrival of the vehicle/aircraft
- (B) Date of entry inward of the vessel
- (C) Either A or B which is later
- (D) Either A or B which is earlier

## Question .8

The territorial waters extend to \_\_\_\_\_ nautical miles into the sea from the appropriate base line.

- (A) 10
- (B) 12
- (C) 100
- (D) 200

## Question .9

Goods Includes

- (A) Stores
- (B) Currency
- (C) Baggage
- (D) All of the above

## Question .10

Coastal goods means goods other than

- (A) Exported goods
- (B) Imported goods
- (C) Both
- (D) None of the above

## Question .11

Dutiable goods which are chargeable to duty and on which

- (A) Duty has been paid
- (B) Duty has not been paid
- (C) Duty has been paid to some extent.
- (D) None of the above

## Question .12

Foreign Going Vessel

- (A) Naval vessel of foreign government taking part in naval exercises.
- (B) Naval vessel of Indian government proceeding

to foreign government taking part in naval exercise

- © Both (A) & (B)
- ④ None of the above

### Question .13

Which of the following is treated as import, if goods are brought from oil rig & such oil rig is located

- ① Outside India
- ② Outside Territorial waters
- ③ Outside Exclusive Economic Zone
- ④ None of the above

### Question .14

**Taxable event for the import**

- ① Bill of entry filled U/s 46 or 68
- ② Crossing at the custom barrier
- ③ A or B
- ④ None of these

### Question .15

For the purpose of customs valuation, "rate of exchange" means the rate of exchange notified by \_\_\_\_\_ shall be taken into account

- ① the Foreign Exchange Dealers' Association of India
- ② The Reserve Bank of India
- ③ CBIC
- ④ None of the above

### Question .16

What is the relevant date for rate of exchange for the exported goods?

- ① Date of export
- ② Date of presentation of shipping bill under sec 50
- ③ Date of payment of duty
- ④ None of the above

### Question .17

Which section provides for rate of duty of imported goods?

- ① Sec 14
- ② Sec 15
- ③ Sec 16
- ④ None of the above

### Question .18

What is the relevant date rate of duty when the bill of entry is presented before the date of entry inwards of vessel?

- ① Date of actual bill of entry
- ② Date of entry inward
- ③ A or B Whichever is later
- ④ A or B Whichever is earlier

### Question .19

Section \_\_\_\_\_ makes it abundantly clear that importation or exportation of goods into or out of India is the taxable event for payment of the duty of customs

- ① ₹ 10
- ② ₹ 12
- ③ ₹ 13
- ④ ₹ 15

### Question .20

**Customs Act, 1962 extends to**

- ① Whole of India excluding Jammu & Kashmir
- ② Whole of India
- ③ Whole of India excluding Jammu & Kashmir and Union Territories
- ④ Whole of India excluding Jammu & Kashmir and Special Economic Zones

### Question .21

The Customs Act, 1962, not only regulates the levy and collection of duties but also, serves equally important purposes like

- (a) Regulation of imports & exports.
- (b) Protection of domestic industry
- (c) Prevention of smuggling
- (d) Conservation & augmentation of foreign exchange

Select the correct answer from the options given below:

- ① All (A) to (D)
- ② All except (A)
- ③ All except (B)
- ④ All except (C)

### Question .22

It is Section 12 of the Customs Act, 1962 that provides duties of customs to be levied at such rates as may be specified under the \_\_\_\_\_ or other applicable Acts on goods imported into or exported from India.

- ① Customs Tariff Act, 1962
- ② Customs Tariff Act, 1975
- ③ Customs Rates & Tariff Act, 1975
- ④ Customs Rate Act, 1962

### Question .23

Under the Customs Act, 1962, the rule making power is delegated to

- ① Central Board of Indirect Taxes and Customs (CBIC)
- ② Central Government
- ③ Respective State Governments
- ④ Partly to the Central Government and partly to the respective State Governments

Question .24 

"Export goods" means

- (A) Any goods which are to be taken out of India
- (B) Any goods which are to be taken out of India to a place outside India
- (C) Which exporter desires to take outside India
- (D) None of the above

Question .25 

Which of the following statement is correct?

- (A) All imported goods are dutiable goods.
- (B) Market price, in relation to any goods, means the retail price of the goods in the ordinary course of trade in India.
- (C) All dutiable goods are imported goods.
- (D) All of the above

Question .26 

As per Section 2(38) of the Customs Act, 1962, "Stores"

- (A) Means goods for use in a vessel or aircraft
- (B) Includes fuel and spare parts and other articles of equipment, whether or not for immediate fitting
- (C) Both (A) and (B)
- (D) (A) but not (B)

Question .27 

A warehouse

- (A) is a designated area where goods are allowed to be stored after landing, without the payment of duty.
- (B) is a designated area where goods are allowed to be stored after payment of the proper amount of duty.
- (C) is a designated area where goods are allowed to be stored after landing, without the payment of duty and in certain cases after payment of the proper amount of duty.
- (D) is a designated area where imported goods are kept if the importer is unable to pay the proper amount of duty.

Question .28 

Jet Airways of India has purchase aircraft from a foreign shipping company for transportation of goods or passenger within India. State whether such aircraft are liable to duty under Customs Act, 1962.

- (A) Not liable to duty as aircraft merely imported for carriage of goods or passenger within India
- (B) Liable to duty as aircraft is covered in the definition of goods
- (C) Duty is payable only if Aircraft use for carriage of goods or passenger outside India
- (D) None of the above

Question .29 

Mr. Alex of Mumbai has import goods from USA. When the goods were on high sea he sale those goods to Mr. Peter of Mumbai. Mr. Peter clears the goods from Customs Barrier by filing Into Bond bill of entry. Identify the importer in the given case.

- (A) Mr. Alex
- (B) Mr. Peter
- (C) Both Mr. Alex & Mr. Peter
- (D) None of above as high seas sale is not treated as import

Question .30 

M/s Saturn Ltd. has import sewing machines from Japan. Mr. Arjun a clearing & forwarding agent. Who clears the goods on behalf of M/s Saturn Ltd. from custom port by filing the bill of entry for home consumption by using the Import Export Code of M/s Saturn Ltd. Identify the importer.

- (A) M/s Saturn Ltd.
- (B) Mr. Arjun
- (C) Either A or B above
- (D) Both A & B above

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                  |
|------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | B              | ICE GATE refers to Indian Customs Electronic Gateway and is also known as customs common portal                                                                                                                                                                                                                                              |
| 2    | D              | Explanation: As per Sec. 2(27) of Customs Act, 1962 "India" includes the territorial waters of India; [Territorial waters extend upto 12 nautical miles from base line] As per Sec. 2(28) "Indian Customs Waters" means the waters extending into the sea upto the Limit of Exclusive Economic Zone (i.e, 200 Nautical Miles from Base Line) |
| 3    | B              | As per Sec 15 of Customs Act, 1962 the relevant date for determination of rate of duty in case of goods imported and deposited in warehouse, is the date of presentation of ex-bond bill of entry for home consumption.                                                                                                                      |
| 4    | B              | The relevant date for determination of exchange rate is the date of presentation of bill of entry                                                                                                                                                                                                                                            |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5  | B | Customs duties on import and export of goods is levied under Entry 83 of Union list of seventh schedule to constitution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 6  | A | Meaning of India for the purpose of Customs Act, 1962 extends upto 12 nautical miles from the base line.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 7  |   | In case of goods entered for home consumption the rate of duty and tariff valuation shall be Date of presentation of bill of entry or Arrival of the vehicle/ aircraft whichever is later.                                                                                                                                                                                                                                                                                                                                                                                                              |
| 8  | B | Territorial waters in India to 12 nautical miles into sea from the appropriate base line                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 9  | D | As per the Section 2(22) of Customs Act 1962 "goods" includes-(a)vessels,aircrafts and vehicles; (b) stores; (c) baggage; (d) currency and negotiable instruments; and (e) any other kind of movable property.                                                                                                                                                                                                                                                                                                                                                                                          |
| 10 | B | As per the Section 2(7) of Customs Act 1962 , "coastal goods" means goods, other than imported goods, transported in a vessel from one port in India to another.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 11 | B | "Dutiable goods" means any goods which are chargeable to duty and on which duty has not been paid;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 12 | A | As per the Section 2(21), "foreign-going vessel or aircraft" means any vessel or aircraft for the time being engaged in the carriage of goods or passengers between any port or airport in India and any port or airport outside India, whether touching any intermediate port or airport in India or not, and includes (i) Any Naval vessel of a foreign Government taking part in any naval exercises (ii) Any vessel engaged in fishing or any other operations outside the territorial waters of India (iii) Any vessel or aircraft proceeding to a place outside India for any purpose whatsoever; |
| 13 | A | As per the Section 2(23) of Customs Act 1962, Import means bringing into India from a place outside India                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|    |   |                                                                                                                                                                                                                                                                                                                                                                       |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 14 | B | As per SC judgement in Kiran Spinning Mills case and Garden Silk mills case, taxable event in case of import is crossing the customs barrier.                                                                                                                                                                                                                         |
| 15 | C | "Rate of exchange" means the rate of exchange notified by CBIC shall be taken into account                                                                                                                                                                                                                                                                            |
| 16 | B | The relevant date for rate of exchange for the exported goods Date of presentation of shipping bill under sec 50 of Customs Act 1962                                                                                                                                                                                                                                  |
| 17 | B | As per the section 15 of Customs act 1962, provides for rate of duty of imported goods .                                                                                                                                                                                                                                                                              |
| 18 | B | As per the Proviso of Section 15 of customs act 1962, Provided that if a bill of entry has been presented before the date of entry inwards of the vessel or the arrival of the aircraft or the vehicle by which the goods are imported, the bill of entry shall be deemed to have been presented on the date of such entry inwards or the arrival, as the case may be |
| 19 | B | As per Sec.12 of Customs Act, 1962 customs duties shall be levied on import of goods into India and export of goods from India                                                                                                                                                                                                                                        |
| 20 | B | The Customs Act, 1962 extends to the whole of India including Jammu & Kashmir                                                                                                                                                                                                                                                                                         |
| 21 | A | All the given are the objectives of Customs Act, 1962                                                                                                                                                                                                                                                                                                                 |
| 22 | B | Customs Tariff Act, 1975 contains the rates at which customs duty is payable                                                                                                                                                                                                                                                                                          |
| 23 | B | Central Government is empowered to make rules in regard to Customs Act, 1962                                                                                                                                                                                                                                                                                          |
| 24 | B | Export with its grammatical variations and cognate expressions, means taking out of India to a place outside India [Section 2(18)].                                                                                                                                                                                                                                   |
| 25 | C | All dutiable goods are imported goods but not all imported goods are dutiable                                                                                                                                                                                                                                                                                         |
| 26 | C | "stores" means goods for use in a vessel or aircraft and includes fuel and spare parts and other articles of equipment, whether or not for immediate fitting;                                                                                                                                                                                                         |

|    |   |                                                                                                                                                                                                                                                                          |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27 | A | "Warehouse" means a public warehouse licensed under section 57 or a private warehouse licensed under section 58 or a special warehouse licensed under section 58A; is a designated area where goods are allowed to be stored after landing, without the payment of duty. |
| 28 | B | "Goods" includes - (a) vessels, aircrafts and vehicles; (b) stores; (c) baggage; (d) currency and negotiable instruments; and (e) any other kind of movable property;                                                                                                    |
| 29 | B | As Mr. Peter files the bill of entry and he is considered as importer.                                                                                                                                                                                                   |
| 30 | A | Even though Mr. Arjun files a bill of entry, it is not filed in his name and the name mentioned in the bill of entry is M/s Saturn Ltd. and they are considered as importer.                                                                                             |

N O T E S

N O T E S

# CLASSIFICATION OF GOODS

## Question 1

### Classification

- (A) Enables categorizing the goods into groups/subgroups, in order to apply a different rate of duty on goods following within the same group.
- (B) Enables the proper officer to recover the duties of custom.
- (C) Enables categorizing the goods into groups/subgroups, in order to apply a single rate of duty on each group/subgroup.
- (D) Is based on the concept of MAT.

## Question 2

There are \_\_\_\_\_ Interpretation Rules under the Customs Tariff Act, 1975.

- (A) Four
- (B) Eight
- (C) Six
- (D) Three

## Question 3

Rule 2(a) of the Interpretation Rules under the Customs Tariff Act, 1975 states that

- (A) Goods shall be classified under the heading which is closest to the specific description.
- (B) Any reference in a heading to an article shall be deemed to include a reference to that article in an unfinished stage too, as long as in the present stage, the incomplete article exhibits the essential character of that article incomplete/finished form.
- (C) Goods that cannot be classified in accordance with Rule 1 shall be classified under the heading which includes goods that are the most "akin or similar".
- (D) Any reference in a heading to a material or substance, shall be deemed to include a reference to the mixtures and combinations of that material/substance with other materials/substances.

## Question 4

Which of the following example is best suitable to the "Specific Identification Rule" of the Interpretation Rules under the Customs Tariff Act, 1975?

- (A) Car without tires or without seats would be still construed as Cars, but not Cars without engines.
- (B) Natural rubber would include its mixture with synthetic or other forms of rubber.
- (C) If one imports 'Liquor Gift Sets' that have both, liquor and glasses, it should be classified under the heading, 'Liquor'.
- (D) Mint Tea is not separately classified, but the

classification should be tea as the product is closest to the one under the heading "tea", mint is only a flavor.

## Question 5

If composite goods cannot be classified as per Rule 3(a) of the Interpretation Rules, then, shall be classified on the basis of material/substance. This rule is known as

- (A) Latter the Better Principle
- (B) Most Suitable Rule
- (C) Essential Character Rule
- (D) Akin Principle

## Question 6

Rule 2(b) of the Interpretation Rules states that any reference in a heading to a material or substance shall be deemed to include a reference to the mixtures and combinations of that material/substance with other materials/substances. You are required to state which of the following example of this rule

- (A) Natural rubber would include its mixture with synthetic or other forms of rubber
- (B) Scooter without tires is classified as Scooter.
- (C) Mint Tea is not separately classified, but the classification should be tea as the product is closest to the one under the heading "tea", mint is only a flavor.
- (D) All of the above

## Question 7

\_\_\_\_\_ states that the goods which cannot be classified in accordance with Rule 1,2 or 3, shall be classified under the heading which includes goods that are the most similar.

- (A) Residual Rule
- (B) Akin Rule
- (C) Standard Rule
- (D) Subheading Rule

## Question 8

Which of the following is covered under Rule 3 of the Interpretation Rules?

- (A) Specific Identification Rule
- (B) Essential Character Rule
- (C) Latter the Better Rule
- (D) All of the above

## Question 9

Under the customs law, electric shaving machine is classifiable under following:

8510: Shavers and hair clippers with self-contained electric motors

8509: Electro-mechanical domestic appliances with self-contained electric motor

As per rules of classification, electric shaving machine should be classifiable under:

- Ⓐ 8510
- Ⓑ 8509
- Ⓒ More information is needed
- Ⓓ Can be classified under both

#### Question .10



Which of the following statements are correct as per the General Rules for the interpretation of import tariff?

- (i) A durable wooden case specially shaped to contain a musical instrument and presented with the same, shall follow the classification of such musical instrument.
- (ii) Packing materials presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods provided such packing materials are clearly suitable for repetitive use.
- (iii) The heading which provides the most specific description shall be preferred to headings providing a more general description.

Choose the most appropriate option.

- Ⓐ (i) and (iii)
- Ⓑ (ii) and (iii)
- Ⓒ (i) and (ii)
- Ⓓ (i), (ii) and (iii)

**N O T E S**

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                     |
|------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | C              | Enables categorizing the goods into groups/subgroups, in order to apply a single rate of duty on each group/subgroup.                                                                                                                                           |
| 2    | C              | Six                                                                                                                                                                                                                                                             |
| 3    | B              | Any reference in a heading to an article shall be deemed to include a reference to that article in an unfinished stage too, as long as in the present stage, the incomplete article exhibits the essential character of that article incomplete/ finished form. |
| 4    | D              | Mint Tea is not separately classified, but the classification should be tea as the product is closest to the one under the heading "tea", mint is only a flavor.                                                                                                |
| 5    | C              | Essential Character Rule                                                                                                                                                                                                                                        |
| 6    | A              | Natural rubber would include its mixture with synthetic or other forms of rubber                                                                                                                                                                                |
| 7    | B              | Akin Rule                                                                                                                                                                                                                                                       |
| 8    | D              | All of the above                                                                                                                                                                                                                                                |
| 9    | A              | Prefer specific over general                                                                                                                                                                                                                                    |
| 10   | A              | Packing materials specific to a product or imported along with a product are always classified based on the product tariff heading but not under the tariff heading related to the packing material.                                                            |

**N O T E S**



# TYPES OF CUSTOMS DUTIES

## Question .1

Section 8 of the Customs Act, 1962 empowers the Principal Commissioner/ Commissioner of Customs to

- (A) approve proper places in any customs port or customs airport or coastal port for the unloading and loading of goods or for any class of goods
- (B) specify the limits of any customs area
- (C) Both A & B
- (D) None of the above

## Question .2

The first schedule enlist the goods liable to

- (A) Import Duty
- (B) Export Duty
- (C) Duty Draw back
- (D) None of the above

## Question .3

The second schedule enlist the goods liable to

- (A) Import Duty
- (B) Export Duty
- (C) Duty Draw back
- (D) None of the above

## Question .4

Any article which is imported into India shall, in addition, be liable to integrated tax at such rate, not exceeding \_\_\_\_\_% as is leviable under section 5 of Integrated Goods and Services Tax Act, 2017 on a like article on its supply in India, on the value of the imported article as determined under sub-section (8) or sub section 8(A)

- (A) 20
- (B) 30
- (C) 40
- (D) 50

## Question .5

For the purposes of calculating the integrated tax on any imported article where such tax is leviable at any percentage of its value, the value of the imported article shall, notwithstanding anything contained in section 14 of the Customs Act, 1962, be the aggregate of

- (A) the value of the imported article determined under sub-section (1) of section 14 of the Customs Act, 1962 or the tariff value of such article fixed under sub-section (2) of that section, as the case may be
- (B) any duty of customs chargeable on that article under section 12 of the Customs Act, 1962, and any sum chargeable on that article under any

law for the time being in force as an addition to, and in the same manner as, a duty of customs, but does not include (a) the duty referred to in sub-sections (5), (7) and (9);] (b) the safeguard duty referred to in sections 8B and 8C; (c) the countervailing duty referred to in section 9; and (d) the anti-dumping duty referred to in section 9A.

- (C) Both A & B
- (D) None of the above

## Question .6

Any article which is imported into India is also liable to a duty equal to the excise duty for the time being leviable on a like article if produced or manufactured in India. This duty is called as \_\_\_\_\_

- (A) Additional duty
- (B) Countervailing Duty
- (C) Special duty
- (D) Either (A) or (B)

## Question .7

The protective duties are levied by the \_\_\_\_\_ upon the recommendation made to it by the Tariff Commission and upon it being satisfied that circumstances exist which render it necessary to take immediate action to provide protection to any industry

- (A) CBIC
- (B) Supreme Court
- (C) Central Government
- (D) None of the above

## Question .8

Safeguard duty shall not apply to articles imported by a 100% EOU/unit in a SEZ unless.

- (A) specifically made applicable
- (B) the article imported is either cleared as such into DTA or used in the manufacture of any goods that are cleared into DTA and in such cases safeguard duty shall be levied on that portion of the article so cleared or so used as was leviable when it was imp
- (C) Either A or B
- (D) Both A & B

## Question .9

Where the Central Government, on such inquiry as it may consider necessary, is of the opinion that circumvention of anti-dumping duty has taken place, by which of the following ways?

- (A) by altering the description or name or composition of the article subject to such anti-dumping duty
- (B) by import of such article in an unassembled or disassembled form

- © by changing the country of its origin or export  
 Ⓓ All the above

### Question .10

An appeal filed under section 9C shall be accompanied by a fee of \_\_\_\_\_ rupees:

- Ⓐ 10,000  
 Ⓑ 15,000  
 Ⓒ 50,000  
 Ⓓ 25,000

### Question .11

Which of the following statements is/are correct for safeguard duty under section 8B of the Customs Tariff Act, 1975?

- (i) Safeguard duty is imposed on articles which are imported in increased quantities. Such increased importation is causing or threatening to cause serious injury to domestic market.  
 (ii) Safeguard duty can be imposed for a period of 4 years and the period of imposition can be extended.  
 (iii) However, in no case the safeguard duty shall continue to be imposed beyond a period of 10 years from the date on which it was first imposed.  
 (iv) Safeguard duty can be imposed provisionally also pending final determination of duty.
- Ⓐ (i), (ii) and (iii)  
 Ⓑ Only (i) and (iv)  
 Ⓒ None of above  
 Ⓓ (i),(ii),(iii),(iv)

### Question .12

Safeguard duty cannot be imposed if:

- Ⓐ The article on which it is proposed to be imposed originates from a developed country provided its share of imports is not more than 3% of total imports of that article in India.  
 Ⓑ The article on which it is proposed to be imposed originates from a developing country provided its share of imports is not more than 5% of total imports of that article in India.  
 Ⓒ The article on which it is proposed to be imposed originates from more than one developing country and its aggregate share of imports from developing countries each with less than 3% share taken together does not exceed 9% of total imports of that article  
 Ⓓ Both (a) and (c)

### Question .13

Some banks in China are giving interest free loans to its domestic manufacturers for manufacture of solar panels. This interest free loan would qualify as subsidy for levying of countervailing duty under section 9 of the Customs Tariff Act, 1975 in India

- Ⓐ such interest free loan is given by public Body or Government bank.  
 Ⓑ such interest free loan is given by private banks on their own without any direction or instruction from the Government.  
 Ⓒ Neither (a) nor (b)  
 Ⓓ Both (a) and (b)

### Question .14

Countervailing duty under section 9 of the Customs Tariff Act, 1975 shall not be levied unless it is determined that:

- i) Subsidy relates to export performance.  
 ii) Subsidy relates to use of domestic goods over imported goods in export article.  
 iii) Subsidy is conferred on all persons engaged in the manufacture of export article.
- Ⓐ (i), (ii) and (iii)  
 Ⓑ Only (iii)  
 Ⓒ (ii) and (iii)  
 Ⓓ (i) and (ii)

### Question .15

Anti-dumping duty is calculated as follows:

- Ⓐ Higher of margin of dumping or injury margin  
 Ⓑ Lower of margin of dumping or injury margin  
 Ⓒ Higher of export price or normal value  
 Ⓓ Lower of export price or normal value

### Question .16

Social welfare surcharge is leviable on-(i) Basic customs duty(ii) IGST(iii) Anti-dumping duty(iv) GST compensation cess

- Ⓐ Only (i)  
 Ⓑ (i) + (ii) + (iii)  
 Ⓒ (i) + (ii) + (iv)  
 Ⓓ (i) + (iii)

### Question .17

Which of the following statements is false?

- Ⓐ Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.  
 Ⓑ Safeguard duty shall not be applicable on articles imported by a 100% EOU or SEZ unit unless specifically made applicable.  
 Ⓒ Safeguard duty shall not be imposed on articles originating from developing country if the share of imports of that article from that country  $\leq$  3% of the total imports of that article into India.  
 Ⓓ Central Government may exempt notified quantity of any article, when imported from any country into India, from whole/part of the safeguard duty.

Question 18 

From following duties which duty is levied under custom tariff Act, 1975?

- (A) Sec 3(7) IGST
- (B) Sec 3(9) Compensation Cess
- (C) Sec 12 Basic custom duty of Customs Act 1962
- (D) All of the above

Question 19 

Preferential rate is applicable only if goods are imported from

- (A) Most Famous Nation
- (B) Most Favoured Nation
- (C) Most Friendly nation
- (D) All of the above

Question 20 

IGST on the import of goods is levied under section \_\_\_\_\_ of custom tariff act, 1975

- (A) 3(7)
- (B) 3(9)
- (C) 3(1)
- (D) 3(3)

Question 21 

Safeguard duty is charged on the import of goods under section?

- (A) Section 6 of custom tariff Act, 1975
- (B) Section 8B of custom tariff Act, 1975
- (C) Section 9 of custom tariff Act, 1975
- (D) Section 9A of custom tariff Act, 1975

Question 22 

Safeguard duty is charged when the:

- (A) Goods are imported in increased quantities
- (B) Goods are exported by the exporter at dumped price.
- (C) County or territory grant directly subsidy to the exporter.
- (D) All of the above

Question 23 

Countervailing duty on subsidized articles is charged when the goods:

- (A) Goods are imported in increased quantities
- (B) Goods are exported by the exporter at dumped price.
- (C) County or territory grant directly subsidy to the exporter.
- (D) All of the above

Question 24 

Anti - dumping duty on dumped articles is charged when the goods:

- (A) Goods are imported in increased quantities

- (B) Goods are exported by the exporter at dumped price.
- (C) County or territory grant directly subsidy to the exporter.
- (D) All of the above

Question 25 

What is the maximum imposition period at a time of duty under sec 8B?

- (A) 2 Years
- (B) 3 Years
- (C) 4 Years
- (D) 5 Years

Question 26 

What is the maximum imposition period at a time of duty under sec 9?

- (A) 2 Years
- (B) 3 Years
- (C) 5 Years
- (D) 4 Years

Question 27 

What is the maximum imposition period at a time of duty under sec 9A?

- (A) 2 Years
- (B) 3 Years
- (C) 4 Years
- (D) 5 Years

Question 28 

What is the maximum extension period of duty under sec 8B?

- (A) 4 Years
- (B) 10 Years
- (C) 6 Years
- (D) 5 Years

Question 29 

What is the maximum extension period of duty under sec 9?

- (A) 5 Years
- (B) 3 Years
- (C) 6 Years
- (D) 4 Years

Question 30 

What is the maximum extension period of duty under sec 9A?

- (A) 4 Years
- (A) 5 Years
- (C) 3 Years
- (D) 6 Years

Question .31 

For how many days the duty can be imposed provisionally under sec 8B of custom tariff act, 1975?

- (A) 150
- (B) 200
- (C) 180
- (D) 90

Question .32 

For how many days the duty can be imposed provisionally under sec 9A of custom tariff act, 1975?

- (A) 4 months
- (B) 5 months
- (C) 6 months
- (D) 7 months

Question .33 

Under sec 8B what is the maximum import from one developing country for not imposing of safeguard duty under sec 8B?

- (A) Upto 9%
- (B) Less than 3%
- (C) Less than 9%
- (D) Upto 3%

Question .34 

What is the maximum import in aggregate from all countries for not imposing safeguard duty under sec 8B?

- (A) Upto 9%
- (B) Less than 9%
- (C) Upto 3%
- (D) Less than 3%

Question .35 

Under sec 9A of custom tariff act, 1975 Meaning of dumping?

- (A) export price of goods from foreign country (-) Normal price of goods in foreign country
- (B) import price of goods in India (-) Normal price of goods in India
- (C) import duty levied in India (-) Normal price of goods in foreign country
- (D) None of the above

Question .36 

Where goods consist of a set of articles liable to duty with reference to quantity duty shall be chargeable to \_\_\_\_\_

- (A) duty as per quantity
- (B) duty at that rate
- (C) duty at highest of such rates
- (D) none of the above

Question .37 

Where goods consist of a set of Articles liable to duty with reference to value shall, if they are liable to duty at the different rates, be chargeable to \_\_\_\_\_

- (A) duty as per quantity
- (B) duty at that rate
- (C) duty at highest of such rates
- (D) none of the above

Question .38 

Accessories of, and spare parts or maintenance and repairing implements for any article if such accessories are imported along with that article they are compulsorily supplied and no separate charge is made for such supply, then it shall be chargeable at \_\_\_\_\_

- (A) duty as per quantity
- (B) duty on article is same as that of duty on the main product
- (C) such article shall be chargeable to duty separately at the rate applicable to it
- (D) duty at the rate at which articles liable to duty

Question .39 

Mr. Ajay imported sewing machines from Japan and warehoused such goods by filing into bond bill of entry. When the goods were in the warehouse Mr. Ajay sold it to Mr. Vijay for ₹ 10 lakhs. The imported values of such goods were as follows: Transaction value section 14(1) - ₹ 7 lakhs BCD @ 10% on above - ₹ 70000, ACD under section 3(1) on above - ₹ 77000. Calculate the value of such goods for the purpose of IGST under section 3(7) of Customs Act

- (A) ₹ 1000000
- (B) ₹ 854000
- (C) ₹ 973000
- (D) ₹ 700000

Question .40 

Which of the following is relevant in case where normal selling price in exporter's country is not available for computing anti dumping duty

- (A) Anti dumping duty is nothing but injury margin
- (B) Wholesale price in India will be taken as the normal selling price outside India
- (C) Export price to third country by exporter's country can be considered
- (D) None of these



## JUSTIFICATION

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| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | C              | The Principal Commissioner of Customs or Commissioner of Customs may, -(a) approve proper places in any customs port or customs airport or coastal port for the unloading and loading of goods or for any class of goods (b) Specify the limits of any customs area;                                                                                                                                                                                                                                                                                                                                           |
| 2    | A              | Customs Tariff Act, 1975 - First schedule - Rate of duty on import of goods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 3    | B              | Customs Tariff Act, 1975 - Second schedule - rate of duty on export of goods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 4    | C              | As per the Section 5(1), there shall be levied a tax called the integrated goods and services tax on all inter-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 of the Central Goods and Services Tax Act and at such rates, <u>not exceeding forty per cent., as may be notified by the Government</u> on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person                                                                   |
| 5    | C              | As per the Section 6 of CTA, 1975 For the purpose of calculating IGST on any imported article, the value of the imported article shall, be aggregate of assessable value u/s 14 and Customs duties excl. IGST and GST compensation cess. (ii) any duty of customs chargeable on that article under section 12 of the Customs Act, 1962, (52 of 1962), and any sum chargeable on that article under any law for the time being in force as an addition to, and in the same manner as, a duty of customs, but does not include— 1 [(a) the duty referred to in sub-sections (5), (7) and (9);] (b) the safeguard |
|      |                | duty referred to in sections 8B and 8C; (c) the countervailing duty referred to in section 9; and (d) the anti-dumping duty referred to in section 9A.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | D | As per the Section 3 of Customs Tariff Act 1975, Any article which is imported into India shall, in addition, be liable to a duty (hereafter in this section referred to as the Additional duty) equal to the excise duty for the time being leviable on a like article if produced or manufactured in India and if such excise duty on a like article is leviable at any percentage of its value, the Additional duty to which the imported article shall be so liable shall be calculated at that percentage of the value of the imported article.                                  |
| 7 | C | The protective duties are levied by the Central Government upon the recommendation made to it by the Tariff Commission and upon it being satisfied that circumstances exist which render it necessary to take immediate action to protect interest of any industry established in India against imports.                                                                                                                                                                                                                                                                              |
| 8 | C | Safeguard duty shall not apply to articles imported by a hundred per cent. export-oriented undertaking or a unit in a special economic zone, unless—<br>(i) it is specifically made applicable in such notification or to such undertaking or [unit; or]<br>(ii) such article is either cleared as such into the domestic tariff area or used. in the manufacture of any goods that are cleared into the domestic tariff area, in which case, safeguard measures shall be applied on the portion of the article so cleared or used, as was applicable when it was imported into India |
| 9 | D | As per the Section 9A(1A) of CTA 1975, Where the Central Government, on such inquiry as it may consider necessary, is of the opinion that circumvention of anti-dumping duty has taken place, either by altering the description or name or composition of the article subject to such anti-dumping duty or by import of such article in an                                                                                                                                                                                                                                           |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | unassembled or disassembled form or by changing the country of its origin or export or in any other manner, whereby the antidumping duty so imposed is rendered ineffective, it may extend the anti-dumping duty to such article or an article originating in or exported from such country                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 10 | B | An appeal filed under this section 9C of CTA 1975, against order of safeguard duty or anti dumping duty or anti subsidy duty shall be accompanied by a fee of Rs 15,000.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 11 | D | (i) As per the Section 8B(2) of CTA 1975, The safeguard measures are to curb the increased quantity of imports of an article to prevent serious injury to domestic industry.<br>(ii) As per the Section 8B(8), The safeguard measures applied under this section shall, unless revoked earlier, cease to have effect on the expiry of four years from the date of such application<br>(iii) Proviso to Section 8B(8), If the Central Government is of the opinion that the domestic industry has taken measures to adjust to such injury or threat thereof and it is necessary that the safeguard measures should continue to be applied, it may extend the period of such application. In no case the safeguard measures shall continue to be applied beyond a period of ten years from the date on which such measures were first applied.<br>(iv) As per the Section 8B(5), The Central Government may, pending the determination under sub-section (1), apply provisional safeguard measures under this sub-section on the basis of a preliminary determination that increased imports have caused or threatened to cause serious injury to a domestic industry. |
| 12 | C | As per the proviso of section 8B(2) of CTA 1975, No such measure shall be applied on an article originating from a developing country so long as the share of imports of that article that country does not exceed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | three per cent. or where the article is originating from more than one developing country, then, so long as the aggregate of the imports from each of such developing countries with less than three per cent. import share taken together, does not exceed nine per cent. of the total imports of that article into India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 13 | A | As per the Explanation of Section 9 of CTA 1975, A subsidy shall be deemed to exist if<br>a) There is financial contribution by a Government, or any public body, that is, where<br>I. a Government practice involves a direct transfer of funds (including grants, loans and equity infusion), or potential direct transfer of funds or liabilities, or both;<br>II. Government revenue that is otherwise due is foregone or not collected (including fiscal incentives);<br>III. a Government provides goods or services other than general infrastructure or purchases goods;<br>IV. a state Government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the type of functions specified in clauses (i) to (iii) above which would normally be vested in the Government and the practice in, no real sense, differs from practices normally followed by Governments; or<br>b) a Government grants or maintains any form of income or price support, which operates directly or indirectly to increase export of any article from, or to reduce import of any article into, its territory, and a benefit is thereby conferred. |
| 14 | D | As per the Section 9(3) Of CTA 1975, the countervailing duty shall not be levied unless it is determined that—<br><br>a) The subsidy relates to export performance;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|    |   |                                                                                                                                                                                                                                                                                                                                                                 |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | <p>b) The subsidy relates to the use of domestic goods over imported goods in the export article;</p> <p>c) The subsidy has been conferred on a limited number of persons engaged in the manufacture, production or export of articles;</p>                                                                                                                     | 25 | C | The measures imposed under this section 8B of Customs Tariff Act, 1975 shall be in force for a period of 4 years from the date of its imposition.                                                                                                                                                                                                                                                                                                                                                                                                                         |
|    |   |                                                                                                                                                                                                                                                                                                                                                                 | 26 | C | Unless revoked earlier, the duty imposed under this section 9 of Customs Tariff Act shall be in force for a period of 5 years from the date of its imposition.                                                                                                                                                                                                                                                                                                                                                                                                            |
| 15 | B | Anti-dumping duty is (i) Margin of dumping or (ii) Injury margin whichever is lower.                                                                                                                                                                                                                                                                            | 27 | D | Unless revoked earlier, the duty imposed under this section 9A of Customs Tariff Act shall be in force for a period of 5 years from the date of its imposition.                                                                                                                                                                                                                                                                                                                                                                                                           |
| 16 | A | Social welfare Surcharge is Leviable only on Basic Customs Duty.                                                                                                                                                                                                                                                                                                | 28 | C | As per the proviso of Section 8B(8), If the Central Government is of the opinion that the domestic industry has taken measures to adjust to such injury or threat thereof and it is necessary that the safeguard measures should continue to be applied, it may extend the period of such application.<br>In no case the safeguard measures shall continue to be applied beyond a period of ten years from the date on which such measures were first applied.                                                                                                            |
| 17 | A | As per the Section 9A(1), Where any article is exported by an exporter or producer from any country or territory to India at less than its normal value, the Central Government may, by notification in the Official Gazette, impose an anti-dumping duty not exceeding the margin of dumping in relation to such article. The statement given in (a) is FALSE. | 29 | A | As per the Section 9(6), The countervailing duty imposed under this section shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition. Provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of subsidization and injury, it may, from time to time, extend the period of such imposition for a further period up to five years and such further period shall commence from the date of order of such extension. |
| 18 | D | Following duties are levied under Customs Tariff Act, 1975 1. Basic Customs Duty 2. Safeguard Duty 3. Anti subsidy duty 4. Counter Veiling Duty 5. IGST 6. GST Compensation Cess                                                                                                                                                                                | 30 | B | As per the Proviso of Section 9A(5), If the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period up to five years and such further period shall commence from the date of order of such extension.                                                                                                                                                                              |
| 19 | B | If the goods are imported from the Most Favoured Nation notified by the Central Government to be preferential areas, then lower preferential rate of BCD will be applicable.                                                                                                                                                                                    |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 20 | A | Integrated Tax (IGST) is levied under Sec. 3(7) of Customs Tariff Act, 1975                                                                                                                                                                                                                                                                                     |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 21 | B | Safeguard duty is levied under Sec. 8B of Customs Tariff Act, 1975                                                                                                                                                                                                                                                                                              |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 22 | A | Safeguard duty under Sec. 8B is levied when goods are imported in Increased quantities                                                                                                                                                                                                                                                                          |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 23 | C | Counter Veiling duty under Sec. 9 of Customs Tariff Act, 1975 (i.e., Anti subsidy duty) is levied when exporting country granted subsidy to the exporter while exporting goods to India.                                                                                                                                                                        |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 24 | B | As per Sec. 9A of Customs Tariff Act, 1975, anti dumping duty is levied on goods exported to India at less than its normal value                                                                                                                                                                                                                                |    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

|    |   |                                                                                                                                                                                                                                                                                                                                                                            |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31 | B | As per the Proviso of Section 8B(5), Any provisional safeguard measure shall not remain in force for more than two hundred days from the date on which it was applied.                                                                                                                                                                                                     |
| 32 | A | Provisional anti dumping duty shall be levied for a period of 4 months from the commencement of investigation                                                                                                                                                                                                                                                              |
| 33 | A | Safe guard duty not applicable it imports from a developing country does not exceed 9% of total imports of that article into India                                                                                                                                                                                                                                         |
| 34 | A | As per the Proviso of Section 8B(2), No such measure shall be applied on an article originating from more than one developing country, then, so long as the aggregate of the imports from each of such developing countries with less than three per cent. import share taken together, does not exceed nine per cent. of the total imports of that article into India.    |
| 35 | A | As Per the Section 9A of CTA 1975, Margin of dumping means the difference between its Export price and Normal value.                                                                                                                                                                                                                                                       |
| 36 | A | As per the Section 19(a) of Customs Act 1962, where goods consist of a set of articles, duty shall be calculated as follows :- articles liable to duty with reference to quantity shall be chargeable to that duty                                                                                                                                                         |
| 37 | C | As per the Section 19(b) of Customs Act 1962, where goods consist of a set of articles, duty shall be calculated as follows- articles liable to duty with reference to value shall, if they are liable to duty at the same rate, be chargeable to duty at that rate, and if they are liable to duty at different rates, be chargeable to duty at the highest of such rates |
| 38 | D | As per the Proviso of the Section 19(c) of Customs Act 1962, accessories of, and spare parts or maintenance and repairing implements for, any article which satisfy the conditions specified in the rules made in this behalf shall be chargeable at the same rate of duty as that article                                                                                 |

|    |   |                                                                                                                                                                                                                   |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 39 | A | Assessable value under customs Rs 7 lakhs<br>Basic customs duty = 70,000<br>Social welfare surcharge = 7,000<br>ACD under sec. 3(1) = 77,000<br>Total amount = 8, 54,000 (or) 10,00,000 whichever is higher       |
| 40 | D | Comparable representative price of the like article when exported from the exporting country or territory to an appropriate third country, is considered as the normal value for computation of anti dumping duty |

## NOTES



# VALUATION UNDER CUSTOMS

## Question 1

Which of the following statements is/are correct for 'similar goods' for valuation purposes under the Customs Act, 1962?

- i) Similar goods although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable with the goods being valued having regard to the quality, reputation and the existence of trade mark.
  - ii) Similar goods are necessarily produced in the country in which goods being valued were produced.
  - iii) Similar goods are necessarily produced by the same person who produced the goods being valued.
- (A) (i) and (ii)  
 (B) Only (i)  
 (C) (i) and (iii)  
 (D) All of above

## Question 2

For the purposes of rule 7 (Deductive Value) of the Customs (Determination of Value of Imported Goods) Rules, 2007, Determine the unit price in greatest aggregate quantity: A Ltd. makes two sales which is neither imported goods nor identical nor similar imported goods. In the first sale, 500 units are sold at a price of ₹ 95. In the second sale, 400 units are sold at a price of ₹ 100.

- a) 95
- b) 100
- c) Average of 95 and 100 i.e.  $(95+100)/2 = 97.5$
- d) Insufficient data

## Question 3

Which of the following statements is correct in relation to value of imported goods determined under rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, i.e. transaction value of identical goods:

- (A) The transaction value of identical goods in a sale at any commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.
- (B) The transaction value of identical goods in a sale at same commercial level and in any quantity as the goods being valued shall be used to determine the value of imported goods.
- (C) The transaction value of identical goods in a sale at same commercial level and in substantially the same quantity as the goods being valued

shall be used to determine the value of imported goods.

- (D) The transaction value of identical goods in a sale at any commercial level and in any quantity as the goods being valued shall be used to determine the value of imported goods.

## Question 4

The transaction value of imported goods is not accepted for valuation purposes when:

- (i) the use of the imported goods by the buyer is subject to the restrictions imposed by the seller which substantially affect the value of goods.
  - (ii) the buyer and seller are not related.
  - (iii) price is not the sole consideration for sale.
- (A) (i) and (iii)  
 (B) Only (i)  
 (C) Only (iii)  
 (D) (i), (ii) and (iii)

## Question 5

Which of the following statements is/are not correct for 'identical' goods' for valuation purposes under the Customs Act, 1962?

- (i) Identical goods are same in all respects, including physical characteristics, quality and reputation as the goods being valued except for minor differences in appearance that do not affect the value of goods.
  - (ii) Identical goods can be produced in any country
  - (iii) Identical goods are produced by same person who produced the goods being valued, or where no such goods are available, goods produced by a different person.
- (A) (i), (ii) and (iii)  
 (B) (i) and (iii)  
 (C) Only (ii)  
 (D) Only (iii)

## Question 6

Which of the following is not includible in the transaction value of goods under rule 10(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007?

- (A) Buying Commission
- (B) Royalties
- (C) License fees
- (D) Cost of packing

## Question 7

Certain goods were imported by air. The free on board value of goods is ₹ 100. The cost of transport, loading, unloading and handling charges up to place of importation is ₹ 25. The cost of insurance is ₹ 10. For the purposes of rule 10(2) of the Customs Valuation (Determination of Value of Imported

Goods) Rules, 2007, which of the following shall be added to the value of imported goods?

- (A) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 10
- (B) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 1.125
- (C) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 1.125
- (D) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10

Question .8 

Which of the following statements is not correct in the context of valuation of imported goods?

- (A) Buying commission is not includible in the value of imported goods.
- (B) Rate of exchange notified by CBIC on date of presentation of bill of entry is to be considered.
- (C) For imports by air, the cost of transport, loading, unloading and handling charges up to place of importation cannot exceed 20% of free on board value of goods.
- (D) Social welfare surcharge is leviable on basic customs duty, integrated tax and GST compensation cess.

Question .9 

As per section 14 of customs Act, 1962, transaction value shall also include in addition to the price, any amount paid or payable for costs and services, including \_\_\_\_\_

- (A) Commissions and brokerage
- (A) Engineering
- (A) Royalties and licence fees
- (A) All of the above

Question .10 

As per section 14 of customs Act, 1962, transaction value shall also include in addition to the price, any amount paid or payable for costs and services, including \_\_\_\_\_

- (A) costs of transportation to the place of importation
- (B) insurance
- (C) design work
- (D) all of the above

Question .11 

"Identical goods" means imported goods which are same in all respects, including \_\_\_\_\_ as the goods being valued except for minor differences in appearance that do not affect the value of the goods

- (A) physical characteristics
- (B) quality
- (C) reputation
- (D) all of the above

Question .12 

For the purpose of these customs valuation (determination of value of imported goods) rules, 2007, persons shall be deemed to be "related" only if –

- (A) they are officers or directors of one another's businesses
- (B) they are legally recognized partners in business
- (C) they are employer and employee
- (D) all of the above

Question .13 

For the purpose of these customs valuation (determination of value of imported goods) rules, 2007, persons shall be deemed to be "related" only if –

- (A) one of them directly or indirectly controls the other
- (B) both of them are directly or indirectly controlled by a third person
- (C) together they directly or indirectly control a third person
- (D) all of the above

Question .14 

For the purpose of these customs valuation (determination of value of imported goods) rules, 2007, persons shall be deemed to be "related" only if –

- (A) together they directly or indirectly control a third person
- (B) persons having business interest to each other; one of them are sole agent / sole distributor / sole concessionaire of other
- (C) such persons are employer and employee
- (D) all of the above

Question .15 

In applying rule 4, if more than one transaction value of identical goods is found, \_\_\_\_\_ shall be used to determine the value of imported goods

- (A) highest of such value
- (B) lowest of such value
- (C) average of such value
- (D) none of the above

Question .16 

As per rule 7, while determining unit price, which of the following deductions have to be made?

- (A) customs duties and other taxes payable in India
- (B) costs of transport and insurance

- © general expenses in connection with sales in India
- Ⓓ all of the above

#### Question .17

If neither the imported goods nor identical nor similar imported goods are sold at or about the same time of importation of the goods being valued, the value of imported goods shall, be based on the unit price at which the imported goods or identical or similar imported goods are sold in India, at the earliest date after importation but before the expiry of \_\_\_\_\_ after such importation

- Ⓐ 45 days
- Ⓑ 60 days
- Ⓒ 90 days
- Ⓓ 120 days

#### Question .18

If neither the imported goods nor identical nor similar imported goods are sold in India in the condition as imported, then, the value shall be based on the unit price at which the imported goods, \_\_\_\_\_ processing, are sold in the greatest aggregate quantity to persons who are not related to the seller in India

- Ⓐ no processing
- Ⓑ before processing
- Ⓒ during processing
- Ⓓ after further processing

#### Question .19

No value shall be determined under the provisions of rule 9 i.e., residential value on the basis of

- Ⓐ the price of the goods on the domestic market of the country of exportation
- Ⓑ the price of the goods for the export to a country other than India
- Ⓒ a system which provides for the acceptance for customs purposes of the highest of the two alternative values
- Ⓓ all of the above

#### Question .20

State which of the following are to be added to transaction value as per rule 10(1) to the extent they are incurred by the buyer but not included in the price

- Ⓐ royalties and licence fees related to the imported goods that the buyer is required to pay, directly or indirectly, as a condition of the sale of the goods being valued
- Ⓑ The value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues, directly or indirectly, to the seller
- Ⓒ all other payments actually made or to be made

as a condition of sale of the imported goods, by the buyer to the seller, or by the buyer to a third party to satisfy an obligation of the seller to the extent that such payments are not included in the price actually paid or payable.

- Ⓓ all of the above

#### Question .21

Where the cost of insurance is not ascertainable, then such cost shall be \_\_\_\_\_

- Ⓐ 20% of customs FOB value
- Ⓑ 1.125% of customs FOB value
- Ⓒ actual cost
- Ⓓ actual cost (or) 20% of customs FOB value, whichever is lower

#### Question .22

Section 14 of custom Act, 1962 shall determine the value of

- Ⓐ Imported Goods
- Ⓑ Exported Goods
- Ⓒ Both
- Ⓓ None of the above

#### Question .23

Transaction value is the value of imported goods/ exported goods where

- Ⓐ Buyer and seller are not related
- Ⓑ Price is the sole consideration.
- Ⓒ A or B
- Ⓓ A and B

#### Question .24

Which of the following condition/ conditions are required for including the interest on delayed payments in transaction value?

- Ⓐ Interest charges are not shown separately shown in the invoice
- Ⓑ Financial agreement is verbally
- Ⓒ Buyer can show that goods are actually sold at the price declared as price actually paid or payable.
- Ⓓ All of the above

#### Question .25

Which adjustments are required to be done before using the value of identical goods ?

- Ⓐ Commercial level
- Ⓑ Quantity level
- Ⓒ Both
- Ⓓ None

#### Question .26

Which of the following is not included under rule 10(1)?

- Ⓐ Cost of returnable containers

- Ⓑ Buying commission
- Ⓒ Charges for production
- Ⓓ All

## Question .27



What is the maximum limit of ascertainable cost of insurance under rule 10(2)?

- Ⓐ 1.13%
- Ⓑ 1.23%
- Ⓒ 1.53%
- Ⓓ None of the above

## Question .28



Consignment is imported by aircraft. CIF price is 1000\$. Freight 320\$ and insurance cost was 35\$. Now what is the amount of transportation that is included as

- Ⓐ 200 dollar
- Ⓑ 320 dollar
- Ⓒ 35 dollar
- Ⓓ 129 dollar

## Question .29



Consignment is imported by air. CIF price is 1000\$. Following rate of dollars are available on the date of presentation of bill of entry: RBI floor Rate Rs 43.37. Inter Bank Closing rate Rs 43.38. Rate Notified BY CBIC Rs 43.55. Rate Notified by Importer Bank Rs 43.58. Now what is the rate of exchange for the valuation of goods?

- Ⓐ 43.37
- Ⓑ 43.38
- Ⓒ 43.55
- Ⓓ 43.58

## Question .30



Consignment per rule 10(2) is imported by air. CIF price is 1000\$. Freight 320\$ and insurance cost was 35\$. What is the value of imported goods? [Rate of exchange INR 43.55]

- Ⓐ 35231.95
- Ⓑ 35086.33
- Ⓒ 35094.42
- Ⓓ 35256.22

## Question .31



For determining the CIF price of the imported goods, certain additions have to be made to the value of imported goods under rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. If cost of insurance is not ascertainable from the documents submitted before the customs authorities, then such amount is determined as follows:

- (i) 20% of free on board value of imported goods
- (ii) 1.125% of free on board value of imported goods
- (iii) Where free on board value is not ascertainable,

but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation is ascertainable; then 1.125% of such sum  
(iv) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation is ascertainable; then 20% of such sum.

Choose the most appropriate option.

- Ⓐ (i) or (iii)
- Ⓑ (i) or (iv)
- Ⓒ (ii) or (iii)
- Ⓓ (ii) or (iv)

## Question .32



For valuation purposes under the Customs Act, 1962, which of the following transactions would be considered as having been made between related persons?

- (i) A foreign company - A Ltd. having a joint venture with Indian company - B Ltd. in the name of AB Ltd., an Indian company. A Ltd. holds 51% shareholding in AB Ltd. The transactions between A Ltd. and AB Ltd.
- (ii) A foreign company - A Ltd. having a joint venture with Indian company - B Ltd. in the name of AB Ltd. The transactions between A Ltd. and B Ltd.
- (iii) A Inc., a company in USA, holding 4% of share capital of importer company - B Ltd., an Indian company. The transactions between A Inc. and B Ltd.

Choose the most appropriate option.

- Ⓐ (i), (ii) and (iii)
- Ⓑ (i) and (iii)
- Ⓒ (i) and (ii)
- Ⓓ (ii) and (iii)

## Question .33



CIF Value means

- Ⓐ Price paid/payable for delivery at the time and place of importation, which essentially implies that the price up to a port in India when goods are imported.
- Ⓑ Price paid / payable for delivery at the time and place of exportation, which essentially implies that the price up to a port in India when goods are exported
- Ⓒ Both (A) and (B)
- Ⓓ None of the above

## Question .34



In the case of export if the transaction value is not acceptable then value as per Export Valuation Rules has to be taken. Determine the proper sequence of such values.



1. Value arrived by Residual Method

2. Value of Similar Goods

3. Value of Identical Goods

Select the correct answer from the options given below:

(A) 3, 2, 1

(B) 1, 2, 3

(C) 2, 1, 3

(D) 3, 1, 2

Question .35 

Computed Value =?

(A) Cost of production + Reasonable profit + Post importation transport charges

(B) Cost of production + Charges for design or brand + Reasonable profit

(C) Cost of production + Charges for design or brand + Actual profit earned by the importer on resale in the domestic market

(D) Cost of production + Charges for design or brand + Reasonable profit + Actual profit earned by the importer on resale in domestic market Marketing charges

**N O T E S**

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | D              | As per the Rule of 2(f) of Customs Valuation (Determination of price of imported goods) Rules, 2007 "Similar Goods" means imported goods - I. which although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable with the goods being valued having regard to the quality, reputation and the existence of trade mark; II. produced in the country in which the goods being valued were produced; and III. produced by the same person who produced the goods being valued, or where no such goods are available, goods produced by a different person, but shall not include imported goods where engineering, development work, art work, design work, plan or sketch undertaken in India were completed directly or indirectly by the buyer on these imported goods free of charge or at a reduced cost for use in connection with the production and sale for export of these imported goods |
| 2    | A              | As per the Rule 7(3)(a) of Customs Valuation (Determination of price of imported goods) Rules, 2007, If neither the imported goods nor identical nor similar imported goods are sold in India in the condition as imported, then, the value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who are not related to the seller in India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 3    | C              | As per the Rule 4 of Customs Valuation (Determination of price of imported goods) Rules, 2007, The transaction value of identical goods in a sale at the same commercial level and in substantially the same quantity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|      |                | as the goods being valued shall be used to determine the value of imported goods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | A | As per Rule 3 of Customs valuation Rules, 2007-4 conditions should be satisfied<br>I. Unrestricted Sale<br>II. Unconditional Sale<br>III. Unrelated Persons<br>IV. Price Must be sole consideration                                                                                                                                                                                                                                                                                                                                         |
| 5 | C | Identical Good means <ul style="list-style-type: none"> <li>• Imported goods</li> <li>• Same physical characteristics, quality and reputation except for minor differences in appearance</li> <li>• Produced in the same country</li> <li>• Produced by the same person, where no such goods are available, goods produced by a different person.</li> </ul>                                                                                                                                                                                |
| 6 | A | As per the Rule 10(1) In determining the transaction value, there shall be added to the price actually paid or payable for the imported goods, - (a) the following to the extent they are incurred by the buyer but are not included in the price actually paid or payable for the imported goods, namely:- (i) commissions and brokerage, except buying commissions; (ii) the cost of containers which are treated as being one for customs purposes with the goods in question; (iii) the cost of packing whether for labour or materials |
| 7 | D | As per the Rule 10(2) of Customs Valuation rules, 2007 If Insurance is Ascertainable then Actual shall be taken If Air Freight is Ascertainable then Actuals or 20% of FOB, whichever is lower                                                                                                                                                                                                                                                                                                                                              |
| 8 | D | Social Welfare Surcharge is Levied on Basic Customs Duty.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 9 | D | As per the Proviso of Section 14 of Customs Act 1962, Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules                                                 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | D | As per the Proviso of Section 14 of Customs Act 1962, Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules |
| 11 | D | As per the Rule 2(1)(d) of Customs Valuation (Import) Rules 2007, "identical goods" means imported goods - which are same in all respects, including physical characteristics, quality and reputation as the goods being valued except for minor differences in appearance that do not affect the value of the goods                                                                                                                                                                        |
| 12 | D | As per the rule 2(2) of Customs valuation (Import) rules 2007, For the purpose of these rules, persons shall be deemed to be "related" only if - (i) they are officers or directors of one another's businesses; (ii) they are legally recognised partners in business; (iii) they are employer and employee;                                                                                                                                                                               |
| 13 | D | As per the rule 2(2) of Customs valuation (Import) rules 2007, , For the purpose of these rules One of them directly or indirectly controls the other; both of them are directly or indirectly controlled by a third person; together they directly or indirectly control a third person.                                                                                                                                                                                                   |
| 14 | D | valuation (Import) rules 2007, , For the purpose of these rules (i) they are officers or directors of one another's businesses; (ii) they are legally recognised partners in business; (iii) they are employer and employee; (iv) any person directly or indirectly owns, controls or holds five per cent or more of the outstanding voting stock or shares of both of them;                                                                                                                |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | As per the rule 2(2) of Customs (v) one of them directly or indirectly controls the other; (vi) both of them are directly or indirectly controlled by a third person; (vii) together they directly or indirectly control a third person; or (viii) they are members of the same family. Explanation I. - The term "person" also includes legal persons. Explanation II. - Persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other shall be deemed to be related for the purpose of these rules, if they fall within the criteria of this sub-rule.                                                                                                                                                                                                                                                                                                                 |
| 15 | B | As per the Rule 4 of Customs Valuations 2007, if more than one transaction value of identical goods is found, lowest of such value shall be used to determine the value of imported goods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 16 | D | As per the rule 7. Deductive value. — (1) Subject to the provisions of rule 3, if the goods being valued or identical or similar imported goods are sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, the value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity to persons who are not related to the sellers in India, subject to the following deductions : — (i) either the commission usually paid or agreed to be paid or the additions usually made for profits and general expenses in connection with sales in India of imported goods of the same class or kind; (ii) the usual costs of transport and insurance and associated costs incurred within India; (iii) the customs duties and other taxes payable in India by reason of importation or sale of the goods |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17 | C | As per the rule 7(2) of Customs Valuation Rules 2007, If neither the imported goods nor identical nor similar imported goods are sold at or about the same time of importation of the goods being valued, the value of imported goods shall, subject otherwise to the provisions of sub-rule (1), be based on the unit price at which the imported goods or identical or similar imported goods are sold in India, <u>at the earliest date after importation but before the expiry of ninety days after such importation.</u>                                                                                                                                                                                           |
| 18 | D | As per the rule 7(3)(a) of Customs Valuation Rules 2007, If neither the imported goods nor identical nor similar imported goods are sold in India in the condition as imported, then, the value shall be based on the <u>unit price at which the imported goods, after further processing, are sold</u> in the greatest aggregate quantity to persons who are not related to the seller in India.                                                                                                                                                                                                                                                                                                                       |
| 19 | D | As per the rule 9(2) of Customs Valuation Rules 2007, No value shall be determined under the provisions of this rule on the basis of —(i) the selling price in India of the goods produced in India; (ii) a system which provides for the acceptance for customs purposes of the highest of the two alternative values; (iii) the price of the goods on the domestic market of the country of exportation; (iv) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of rule 8; (v) the price of the goods for the export to a country other than India; (vi) minimum customs values; or (vii) arbitrary or fictitious values. |
| 20 | D | As per the rule 10(1) of Customs Valuation Rules 2007, (a) royalties and licence fees related to the imported goods that the buyer is required to pay, directly or indirectly, as a condition of the sale of the goods being valued, to the extent that such royalties and                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | fees are not included in the price actually paid or payable; (b) The value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues, directly or indirectly, to the seller; (c) all other payments actually made or to be made as a condition of sale of the imported goods, by the buyer to the seller, or by the buyer to a third party to satisfy an obligation of the seller                                                                                                                                                                                                                                                                 |
| 21 | B | As per the third Proviso of Rule 10(2) of Customs valuation Rules 2007, Where the cost of insurance is not ascertainable, such cost shall be 1.125% of free on board value of the goods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 22 | B | Section 14(1) of Customs Act 1962, For the purposes of the Customs Tariff Act, 1975 (51 of 1975), or any other law for the time being in force, the value of the imported goods and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such other conditions as may be specified in the rules made in this behalf. |
| 23 | D | As Per the Rule 3 of Customs Valuation Rules 2007, Buyer and seller are not related and price is the sole consideration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 24 | A | Interest charges are not shown separately shown in the invoice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 25 | C | Commercial level and Quantity level are required to be done before using the value of identical goods .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 26 | B | As per the rule 10(1)(a)(i) of Customs Valuation Rules 2007, commissions and brokerage, except buying commissions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| 27                  | D                | As per the Rule 10(2)(c) of Customs Valuation Rules 2007, For the purposes of sub-section (1) of section 14 of the Customs Act, 1962 (52 of 1962) and these rules, the value of the imported goods shall be the value of such goods, for delivery at the time and place of importation and shall include-the cost of insurance. |             |            |     |                  |                     |     |           |    |     |     |
|---------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------|-----|------------------|---------------------|-----|-----------|----|-----|-----|
| 28                  | D                | FOB=CIF-Freight-Insurance<br>=\$ 1000- \$320- \$ 35=\$645<br>Actual Freight or 20% on FOB whichever is lower,<br>\$320 or \$129( \$645* 20%),<br>Whichever is lower<br>= \$129                                                                                                                                                  |             |            |     |                  |                     |     |           |    |     |     |
| 29                  | C                | For the purpose of the conversion, the rate prescribed by the CBIC has to be taken. Rate Notified BY CBIC Rs 43.55                                                                                                                                                                                                              |             |            |     |                  |                     |     |           |    |     |     |
| 30                  | A                | <table><tr><th>Particulars</th><th>Amount(\$)</th></tr><tr><td>FOB</td><td>645(1000-320-35)</td></tr><tr><td>Transportation cost</td><td>129</td></tr><tr><td>Insurance</td><td>35</td></tr><tr><td>CIF</td><td>809</td></tr></table><br>Value of Imported Goods- \$809 *43.55= Rs 35231.95                                     | Particulars | Amount(\$) | FOB | 645(1000-320-35) | Transportation cost | 129 | Insurance | 35 | CIF | 809 |
| Particulars         | Amount(\$)       |                                                                                                                                                                                                                                                                                                                                 |             |            |     |                  |                     |     |           |    |     |     |
| FOB                 | 645(1000-320-35) |                                                                                                                                                                                                                                                                                                                                 |             |            |     |                  |                     |     |           |    |     |     |
| Transportation cost | 129              |                                                                                                                                                                                                                                                                                                                                 |             |            |     |                  |                     |     |           |    |     |     |
| Insurance           | 35               |                                                                                                                                                                                                                                                                                                                                 |             |            |     |                  |                     |     |           |    |     |     |
| CIF                 | 809              |                                                                                                                                                                                                                                                                                                                                 |             |            |     |                  |                     |     |           |    |     |     |
| 31                  | C                | As per Rule 10 of Customs Valuation Rules, 2007 the cost of insurance shall be 1.125% of FOB, if such insurance is not ascertainable. If FOB value is not available but sum of FOB value and cost of transport is available, then insurance shall be 1.125% of such sum                                                         |             |            |     |                  |                     |     |           |    |     |     |
| 32                  | C                | persons shall be deemed to be "related" only if any person directly or indirectly owns, controls or holds five per cent or more of the outstanding voting stock or shares of both of them; Therefore, holding 4% is not treated as related. Also in order to have control investment should be > 50%.                           |             |            |     |                  |                     |     |           |    |     |     |
| 33                  | A                | Transaction value is the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation                                                                                                                                                                           |             |            |     |                  |                     |     |           |    |     |     |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 34 | A | Rule 4: Determination of export value by comparison<br>Rule 5: Computed value method<br>Rule 6: Residual method.                                                                                                                                                                                                                                                                                                                                                              |
| 35 | B | Computed value is the aggregate of<br>(i) the cost or value of materials and fabrication or other processing employed in producing the imported goods;<br>(ii) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to India;<br>(iii) the cost or value of all other expenses under sub-rule (2) of rule 10. |

N O T E S

N O T E S

# PROCEDURE UNDER CUSTOMS

## Question 1

Arrival manifest or import manifest in respect of vessel or aircraft is required to be filed prior to the arrival of a vessel or aircraft. Import report for vehicle is required to be submitted within \_\_\_\_\_ hours of arrival at the Customs Station

- (A) 10
- (B) 12
- (C) 15
- (D) 18

## Question 2

Custom Station Means:

- (A) international courier terminal
- (B) foreign post office
- (C) land customs station
- (D) All the above

## Question 3

The importer who presents a bill of entry shall ensure the following, namely

- (A) the accuracy and completeness of the information given therein
- (B) the authenticity and validity of any document supporting it
- (C) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force
- (D) All the above

## Question 4

The Export manifest shall contain \_\_\_\_\_

- (A) Cargo report
- (B) Vessel's store list
- (C) Private property list of master, officers and crew
- (D) All the above

## Question 5

Where the passenger and crew departure manifest or the passenger name record information or any part thereof is not delivered to the proper officer within the prescribed time and if the proper officer is satisfied that there was no sufficient cause for such delay, the person-in-charge or the other specified person shall be liable to such penalty, not exceeding Rs \_\_\_\_\_

- (A) 10,000
- (B) 25,000
- (C) 50,000
- (D) 100,000

## Question 6

The master of every vessel carrying coastal goods shall be supplied by the Customs authorities with a book to be called the \_\_\_\_\_.

- (A) Goods book
- (B) Entry book
- (C) advice book
- (D) customs book

## Question 7

Outline the stepwise procedure of import of goods into India.

- i) Grant of entry inwards to vessel
- ii) Filing of Import General Manifest
- iii) Unloading of goods
- iv) Assessment of goods
- v) Filing of Bill of Entry
- vi) Payment of duty
- (A) (i), (ii), (iii), (iv), (v), and (vi)
- (B) (ii), (iii), (i), (iv), (v), and (vi)
- (C) (iii), (ii), (i), (vi), (v), and (iv)
- (D) (ii), (i), (iii), (v), (iv) and (vi)

## Question 8

Under Custom Act, 1962 special provisions have been made for which of the following import?

- (A) Goods imported by post
- (B) Goods imported by passengers as their baggage
- (C) Ship stores considered to be imported & charged to custom duty
- (D) All of the above

## Question 9

Under Sec 30 in case of vehicle an import report shall be produced within

- (A) 12 Hours of arrival in Territorial Waters
- (B) 12 Hours of arrival at port
- (C) 24 Hours of arrival at airport
- (D) 12 Hours of arrival at custom station

## Question 10

Under Sec 30 penalty for belated Import Manifest penalty is

- (A) ₹ 50,000
- (B) Upto ₹ 50,000
- (C) Upto ₹ 25,000
- (D) Upto ₹ 75,000

## Question 11

Under Sec 35 boat note is required to be issued in:

- (A) Duplicate
- (B) Triplicate
- (C) Quadruplicate

Ⓓ Single

### Question .12

Under Section 46 bill of entry is required to be presented within \_\_\_\_\_ days from the day on which the conveyance carries goods arrives at the custom station:

- Ⓐ 1 day prior
- Ⓑ 1 day later
- Ⓒ 2 days later
- Ⓓ Any time

### Question .13

A bill of entry may be presented at any time not exceeding \_\_\_\_\_ days prior to the expected arrival of conveyance:

- Ⓐ 30
- Ⓑ 15
- Ⓒ 45
- Ⓓ 60

### Question .14

Under Section 46 bill of entry is not required for which of the following?

- Ⓐ Goods intended for transit
- Ⓑ Goods intended for transshipment
- Ⓒ Both
- Ⓓ A or B

### Question .15

The importer shall pay the import duty under sec 47 in case of self-assessment

- Ⓐ Within 1 day of presentation of bill of entry
- Ⓑ Within 2 day of presentation of bill of entry
- Ⓒ Within 3 day of presentation of bill of entry
- Ⓓ On the date of presentation of the bill of entry

### Question .16

The importer shall pay the import duty under sec 47 in case of Re-assessment

- Ⓐ Within 1 day of presentation of bill of entry
- Ⓑ Within 2 day of presentation of bill of entry
- Ⓒ Within 3 day of presentation of bill of entry
- Ⓓ None of the above

### Question .17

Under sec 48 what is the time limit after which goods are sold after unloading?

- Ⓐ 30 Days
- Ⓑ 45 Days
- Ⓒ 15 Days
- Ⓓ 60 Days

### Question .18

Which of the following goods on which time limit of 30 days is applicable under sec 48?

- Ⓐ Animals
- Ⓑ Perishable Goods
- Ⓒ Arms & Ammunition
- Ⓓ None of the above

### Question .19

Under sec 50 which of the following document entered by the exporter in case of goods exported by Land?

- Ⓐ Bill of export
- Ⓑ Shipping Bill
- Ⓒ A or B
- Ⓓ None of the above

### Question .20

In case of import by post through aircraft the rate of duty shall be applicable of which date?

- Ⓐ Date on which postal authorities receives the package
- Ⓑ Date on which the recipient get the package
- Ⓒ Date on which postal authorities present a list of goods to the proper officer for duty determination
- Ⓓ None of the above

### Question .21

Which of the following is the duty or responsibility of a person in charge under the Customs Act, 1962?

1. To submit Import/Export Manifest.
2. To pay import duty on all goods contained in vessel or ship.
3. To ensure that the conveyance lands at the appropriate place
4. Ensure that the Goods are loaded or unloaded only after proper permissions or orders.

Select the correct answer from the options given below:

- Ⓐ 1,2 & 3
- Ⓑ 4, 2 & 1
- Ⓒ 2, 3 & 4
- Ⓓ 3, 1 & 4

### Question .22

In case of a vessel or the aircraft, Import Manifest is required to be delivered

- Ⓐ within twelve hours after its arrival in the customs station
- Ⓑ prior to the arrival of the vessel or the aircraft, as the case may be
- Ⓒ within twelve hours after its arrival in the customs water
- Ⓓ none of the above

## Question .23



Custom ports or airports are appointed by the

- (A) Central Government
- (B) Board [CBIC]
- (C) Respective State Governments with prior approval of Central Government
- (D) Either (A) or (B)

## Question .24



**The Custodian**

- (A) would be responsible for keeping proper records of unloaded goods.
- (B) is responsible to ensure that the goods don't leave the customs area without proper authorization from the Customs Officer
- (C) is appointed by the Principal Commissioner of Customs or Commissioner of Customs
- (D) all of the above

## Question .25



Demurrage charges are levied by the port authorities if goods are not cleared within\_\_\_\_of unloading.

- (A) 3 working days
- (B) 5 working days.
- (C) 7 working days
- (D) 10 working days

## Question .26



As per provisions of Chapter VII of the Customs Act, 1962, in\_\_\_\_, the goods remain in the same vessel and consequently reach the port of clearance.

- (A) transshipment
- (B) transit
- (C) transport
- (D) travelling

## Question .27



As per provisions of Chapter VLH of the Customs Act, 1962, in\_\_\_\_, the vessel after reaching an intermediate port, transfers the goods to another vessel and the second vessel into which the goods are transferred (loaded) from the first vessel, carries the goods to the destination port.

- (A) transit
- (B) transshipment
- (C) travelling
- (D) transport

## Question .28



The place which is used for unloading of imported goods and loading of exported goods, is called:

- (A) Inland Container Depot
- (B) Land customs station
- (C) Customs station
- (D) Customs area

## Question .29



A ship carries some goods K, L, M and N from Singapore to Dubai, via Chennai. L and M are moved to Chennai in another vessel. L being meant for Kochi and M to Dubai. As per customs law, the transhipped good(s) is/are:

- (A) All four
- (B) L only
- (C) L and M
- (D) None of the goods

## Question .30



Where goods imported into a customs station are intended for transshipment, a ----- shall be presented to the proper officer in such form or manner as may be prescribed

- (A) Bill of export
- (B) Bill of lading
- (C) Shipping bill
- (D) Bill of transshipment

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                          |
|------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | B              | As per section 30(1), Vessel Import manifest has to be filed any time prior to the arrival of vessel.2. Aircraft arrival manifest has to be filed any time prior to the arrival of aircraft3. vehicle import report has to be filed within 12 hours after its arrival in the custom station.                                                                                                         |
| 2    | D              | "Custom Station" Means any custom port,[customs airport, international courier terminal,foreign post office] or land customs station;                                                                                                                                                                                                                                                                |
| 3    | D              | As per the Section 46(12)(4A), The importer who presents a bill of entry shall ensure the following, namely:-(a) the accuracy and completeness of the information given therein;(b) the authenticity and validity of any document supporting it; (c) Compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force |
| 4    | D              | The Export manifest shall contain Cargo report, Vessel's store list, Private property list of master, officers and crew.                                                                                                                                                                                                                                                                             |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5  | C | As per the Section 41A, Where the passenger and crew departure manifest or the passenger name record information or any part thereof is not delivered to the proper officer within the prescribed time and if the proper officer is satisfied that there was no sufficient cause for such delay, the person-in-charge or the other specified person shall be liable to such penalty, not exceeding Fifty thousand rupees |
| 6  | C | As per the Section 95(1) of Customs Act 1962, The master of every vessel carrying coastal goods shall be supplied by the Customs authorities with a book to be called the "advice book".                                                                                                                                                                                                                                 |
| 7  | D | (ii), (i), (iii), (v), (iv) and (vi) Process of Import a. Hand over of cargo for export by exporter to shipping company b. Shipping company will give Bill of lading to Exporter c. Exporter will hand over the bill of lading to the Importer                                                                                                                                                                           |
| 8  | D | Import Goods imported by post, Goods imported by passengers as their baggage, Ship stores considered to be imported & charged to custom duty all governed by separate provision under customs                                                                                                                                                                                                                            |
| 9  | D | As per the section 30 Import report has to be filed with in 12 hours of the arrival at the customs station.                                                                                                                                                                                                                                                                                                              |
| 10 | B | Under section 30 if the IM / AM/ IR are not filed within the time limit the maximum penalty is upto 50,000.                                                                                                                                                                                                                                                                                                              |
| 11 | A | Under Sec 35 boat note is required to be issued in Duplicate                                                                                                                                                                                                                                                                                                                                                             |
| 12 | A | As per the section 46[(3) The importer shall present the bill of entry under sub-section (1) before the end of the day (including holidays) preceding the day on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing                                                                                       |
| 13 | A | As per Proviso to Sec. 46, a bill of entry may be presented at any time not exceeding 30 days prior to the expected date of arrival of aircraft (or) vessel (or) vehicle by which goods have been shipped for importation into India.                                                                                                                                                                                    |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 14 | C | As per the section 46(1) The importer of any goods, other than goods intended for transit or transshipment, shall make entry thereof by presenting to the proper officer a bill of entry for home consumption or warehousing in the prescribed form. In case of transit documentation not required but in case of transshipment, bill/declaration of transshipment is required.                                                                                                              |
| 15 | D | As per the section 47(2) The importer shall pay the import duty on the date of presentation of the bill of entry in the case of self-assessment.                                                                                                                                                                                                                                                                                                                                             |
| 16 | A | As per the section 47(2) The importer shall pay the import duty-within one day (excluding holidays) from the date on which the bill of entry is returned to him by the proper officer for payment of duty in the case of assessment, reassessment or provisional assessment.                                                                                                                                                                                                                 |
| 17 | A | As per Section 48 If any goods brought into India from a place outside India are not cleared for home consumption or warehoused or transhipped within thirty days from the date of the unloading thereof at a customs station or within such further time as the proper officer may allow or if the title to any imported goods is relinquished, such goods may, after notice to the importer and with the permission of the proper officer be sold by the person having the custody thereof |
| 18 | D | As per proviso to Sec 48 (a) animals, perishable goods and hazardous goods, may, with the permission of the proper officer, be sold at any time; (b) arms and ammunition may be sold at such time and place and in such manner as the Central Government may direct.                                                                                                                                                                                                                         |
| 19 | A | SECTION 50. Entry of goods for exportation. -(1) The exporter of any goods shall make entry thereof by presenting 5[on the customs automated system] to the proper officer in the case of goods to be exported in a vessel or aircraft, a shipping                                                                                                                                                                                                                                           |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | bill, and in the case of goods to be exported by land, a bill of export 6[in such form and manner as may be prescribed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 20 | C | As per Sec. 83 The rate of duty and tariff value, if any, applicable to any goods imported by post or courier] shall be the rate and valuation in force on the date on which the postal authorities or the authorised courier present to the proper officer a list containing the particulars of such goods for the purpose of assessing the duty thereon                                                                                                                                                                                                                                                              |
| 21 | D | Obligation to pay customs duty is not on person in charge but the other activities mentioned are the duties of person in charge.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 22 | B | Import manifest or Arrival manifest to be presented prior to the arrival of the vessel or the aircraft, respectively.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 23 | B | CBIC is having power to appoint customs ports or airports                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 24 | D | Responsibility of Custodian of goods: During the time the goods are in the custody of the custodians, they have the following responsibilities [Section 45(2)]. 1. Maintain a proper record of goods received from the carriers and send a copy of the record to the proper officer. 2. Not to permit such goods to be removed from the customs area or allow them to be dealt with otherwise except under the specific permission in writing of the proper officer or in accordance with a general procedure that may be prescribed that avoid subjectivity of the officer as to the manner of removal of such goods. |
| 25 | A | If goods unloaded are not cleared within 3 working days then demurrage charges are payable on such goods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 26 | B | In case of transit of goods, goods are allowed to remain on the same conveyance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 27 | B | In case of transshipment of goods, the conveyance changes i.e., the goods are unloaded from one conveyance and loaded in another conveyance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

|    |   |                                                                                                                                                                                                                                                                                                                      |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 28 | A | After the imported goods are unloaded at the port, the containers are carried to Inland Container Depots for storage purposes. From these depots goods can be cleared for Domestic Tariff Area or cleared for export. Inland Container Depots are used for unloading of imported goods and loading of exported goods |
| 29 | C | In case of transshipment of goods, the conveyance changes i.e., the goods are unloaded from one conveyance and loaded in another conveyance.                                                                                                                                                                         |
| 30 | D | Where any goods imported into a customs station are intended for transshipment, a bill of transshipment shall be presented to the proper officer in the prescribed form.                                                                                                                                             |

## NOTES

# EXEMPTION UNDER CUSTOMS

## Question 1

In order to claim pilferage which of the following circumstances should exist?

- (A) there should be evidence of tampering with the packages
- (B) there should be blank space for the missing articles in the package
- (C) the missing articles should be unit articles
- (D) All the above

## Question 2

Abatement is available if the goods are damaged/deteriorated which of the following circumstances?

- (A) before or during unloading
- (B) by accident due to negligence after unloading but before examination for assessment by the customs authorities
- (C) by accident due to negligence in warehouse before the actual clearance from such warehouse
- (D) All the above

## Question 3

Where the Central Government is satisfied that it is necessary in the public interest so to do, it may, by notification, exempt such of the goods which are imported for the purposes of repair, further processing or manufacture, as may be specified therein

- (A) the goods shall be re-exported after such repair, further processing or manufacture, as the case may be, within a period of one year from the date on which the order for clearance of the imported goods is made
- (B) the imported goods are identifiable in the export goods
- (C) such other conditions
- (D) All of the above

## Question 4

Which of the following is correct for destroyed goods under section 23 of the Customs Act, 1962?

- (A) It is only applicable in case of total loss of goods even if the same can be recovered.
- (B) The importer is not required to pay duty on such goods.
- (C) The provisions are also applicable even if goods are destroyed after warehousing.
- (D) The importer need not prove the loss to the proper officer.

## Question 5

In which of the following cases, can an importer claim abatement of duty under section 22 of the Customs Act, 1962?

- I. Goods pilfered during unloading;
  - II. Goods damaged by accident (due to negligence of the importer) after unloading but before examination for assessment by customs authorities;
  - III. Goods destroyed by accident while in warehouse (due to negligence of the importer);
  - IV. Goods damaged by accident (not due to negligence of the importer) after unloading but before examination for assessment by customs authorities.
- (A) Only (iv)
  - (B) Only (iii)
  - (C) Both (i) and (iii)
  - (D) Only (ii)

## Question 6

Which of the following statements is/are correct?

- (i) Special exemption under section 25 of the Customs Act, 1962 is granted by issuing a notification.
  - (ii) General exemption under section 25 of the Customs Act, 1962 is granted by issuing an order.
  - (iii) Special exemption is required to be published in official gazette.
  - (iv) General exemption is not required to be published in official gazette.
- (A) (i), (ii), (iii) and (iv)
  - (B) (ii) and (iv)
  - (C) Both (i) and (ii)
  - (D) None of above

## Question 7

Which of the following statements is correct for pilfered goods under section 13 of the Customs Act, 1962?

- (A) The importer is required to pay duty on imported goods which are pilfered after unloading but before being cleared for home consumption.
- (B) The importer is not required to pay duty on warehoused goods which are pilfered before being cleared for home consumption.
- (C) The onus to prove the pilferage does lie on the importer.
- (D) If pilfered goods are restored to the importer, he becomes liable to pay duty.

## Question 8

Sapphire Enterprises imported some goods through vessel from USA in the month of April. The value of goods imported was ₹ 6,50,000. The date of entry

inwards was 21st April (basic customs duty on said date was 10%). Further, Sapphire Enterprises filed bill of entry for home consumption on 25 th April (basic customs duty on said date was 20%). Applicable rate of integrated tax was 12% and social welfare surcharge was 10%. Ignore GST compensation cess. However, before inspection and clearance for home consumption, Sapphire Enterprises found that the goods had been damaged owing to negligence on part of proper officer of customs. The proper officer accepted that due to said damage, the value of the goods has come down to ₹ 4,00,000. Compute the total customs duty payable in the given case.

- (A) ₹ 97,280
- (B) ₹ 2,38,160
- (C) ₹ 1,58,080
- (D) ₹ 1,46,560

#### Question .9

ABC Ltd. exported certain goods last year. The buyer has sent back those goods since the same were under warranty and required repairs. Which of the following conditions are to be satisfied by ABC Ltd. to avail exemption on goods re-imported for repairs under Notification No. 158/95 Cus dated 14.11.1995?

- I. ABC Ltd., at the time of importation, executes a bond.
- II. Goods must be re-exported within 6 months or 1 year (if time is extended) of the date of re-importation.
- III. In case goods are not repaired, new goods are to be sent by ABC Ltd. within 6 months.

- (A) (i) and (iii)
- (B) (i), (ii) and (iii)
- (C) (ii) and (iii)
- (D) (i) and (ii)

#### Question .10

XYZ Ltd. sent certain goods abroad for repairs. XYZ Ltd. has been advised by their consultants that they will have to pay customs duty only on fair cost of repairs, freight and insurance charges, both ways, on re-import of exported goods under Notification No. 45/2017 Cus dated 30.06.2017 provided they fulfill following conditions : (i) The re-importation is done within 3 years or, if time is extended, within 5 years. (ii) The exported and re-imported goods are same. (iii) The ownership of goods should not have changed. Which one of the above-mentioned conditions is/are correct ?

- (A) (i), (ii) and (iii)
- (B) (ii) and (iii)
- (C) (i) and (iii)
- (D) Only (ii)

#### Question .11

Section 13 of custom Act is applicable on the pilferage goods

- (A) After unloading & before the proper office has made an order for clearance for home consumption
- (B) After unloading & before the proper office has made an order for clearance for deposit in warehouse
- (C) After the unloading & before the physical removal of goods
- (D) A and B

#### Question .12

Sec 13 is not applicable for

- (A) Warehouse goods
- (B) To be Cleared for home consumption
- (C) To be cleared for transshipment
- (D) A and C

#### Question .13

Under Section 22 the formula for calculation of duty is

- (A) Duty payable before damage x value of goods before damage/value of goods after damage
- (B) Duty payable before damage x value of goods after damage/value of goods before damage
- (C) Duty payable after damage x value of goods before damage/value of goods after damage
- (D) Duty payable after damage x value of goods after damage/value of goods before damage

#### Question .14

Under Section 22 what is the method of determining the value of damaged goods?

- (A) By proper officer
- (B) By Public tender
- (C) By public auction
- (D) All of the above

#### Question .15

The rate of duty on alcoholic liquor for human consumption is 50% and the rate of duty on alcoholic liquor for industrial purpose is 15%. Such goods are denatured in the presence of proper officer then what will be the rate of duty under which section

- (A) 15%, Sec 23(2)
- (B) 15%, sec 24
- (C) 50%, sec 24
- (D) 50%, Sec 26

#### Question .16

The rate of duty on alcoholic liquor for human consumption is 150% and the rate of duty on alcoholic liquor for industrial purpose is 25%. Such



goods are denatured in the presence of proper officer then what is the applicable rate of duty?

- (A) 150%
- (B) 25%
- (C) A or B Whichever is lower
- (D) A or B Whichever is higher

#### Question .17

Where the goods are sent back as such to the foreign country owing to which of the following reasons it is considered as re-exportation?

- (A) Goods not conforming to the specification of the order
- (B) Goods not permitted to be imported into the country on account of trade-restriction
- (C) Goods after being imported are temporarily retained in the country and later taken out of the country. In other words, the very objective of the importation was limited to temporary retention in India
- (D) All the above

#### Question .18

\_\_\_\_\_ refers to any cargo, vessel, etc. abandoned in the sea with no hope of recovery

- (A) Derelict
- (B) Jetsam
- (C) Flotsam
- (D) Wreck

#### Question .19

\_\_\_\_\_ refers to goods jettisoned from the vessel to save her from sinking

- (A) Derelict
- (B) Jetsam
- (C) Flotsam
- (D) Wreck

#### Question .20

Which of the following combinations is correct?

|                                  |                                     |
|----------------------------------|-------------------------------------|
| 1. Goods pilfered                | 1. Abatement of duty                |
| 2. Goods lost or destroyed       | 2. No liability to pay customs duty |
| 3. Goods damaged or deteriorated | 3. Remission of duty                |

- (A) 1 and 1, 2 and 2, 3 and 3
- (B) 1 and 3, 2 and 1, 3 and 2
- (C) 1 and 2, 2 and 3, 3 and 1
- (D) 1 and 2, 2 and 1, 3 and 3

#### Question .21

In the context of Customs Act, 1962, the term "pilfer" means:

- (A) to steal

- (B) petty theft
- (C) both A & B above
- (D) none of the above

#### Question .22

In case, goods are pilfered when they are in the custody of Port authority and officer does not pass any order for clearance of such goods either for home consumption or deposit in warehouse, then the duty liability of such pilfered goods is on:

- (A) Importer
- (B) Person in charge
- (C) Either a or b above
- (D) Port Authority or Custodian

#### Question .23

Mr. Manju imported crockeries from Korea on 10.04.2018 for ₹ 10 lakhs. The master of the vessel filed an import manifest on 12.04.2018 and entry inward granted on 13.04.2018. Mr. Manju filed a bill of entry for home consumption on 14.04.2018 when he found that goods of ₹ 2 lakhs were pilfered. The order of clearance for home consumption was granted on 15.04.2018 only for goods worth ₹ 8 lakhs. The duty rates on various dates are as below:

12.04.2018 - 10%  
13.04.2018 - 12%  
14.04.2018 - 8%  
15.04.2018 - 12.5%

The importer is liable to pay duty on goods worth

- (A) 2 lakhs
- (B) 10 lakhs
- (C) 8 lakhs
- (D) 10 lakhs if pilfered goods were restored by the custodian otherwise on 8 lakhs only

#### Question .24

W.r. to Q. No. 23 what is The rate of duty applicable on goods cleared for home consumption by Mr. Maganlal is:

- (A) 10%
- (B) 12%
- (C) 8%
- (D) 12.5%

#### Question .25

W.r. to Q. No. 23, The liability to pay duty on pilfered goods if not restored to the importer is on:

- (A) Mr. Manju
- (B) Port Trust Authority
- (C) Either a or b above
- (D) Neither a nor b above

#### Question .26

W.r. to Q. No. 23 The rate of duty applicable on pilfered goods is:

- (A) 10%  
 (B) 12%  
 (C) 8%  
 (D) 12.5%

## Question .27



W.r. to Q No. 23 Calculate the import duty payable on pilfered goods by the custodian or port trust authority.

- (A) 1 lakhs  
 (B) 0.20 lakhs  
 (C) 0.80 lakhs  
 (D) 0.16 lakhs

## Question .28



Mr. Pavan imported some goods from Germany the value of which is ₹ 10 lakhs and duty is payable at the rate of 20%. Some goods have been damaged before the order of clearance for home consumption has been granted by the proper officer. The value of goods after damages is ₹ 8 lakhs. Calculate the duty payable by Mr. Pavan at the time of clearance of goods for home consumption.

- (A) ₹ 2 lakhs  
 (B) ₹ 1.6 lakhs  
 (C) ₹ 0.40 lakhs  
 (D) ₹ 0.50 lakhs

## Question .29



M/s Fortuner Ltd. an oil dealer imported edible oil from Saudi Arab. The quantity imported was 10000 liters whereas, only 9500 liters of oil was found at the time of unloading at the customs port. The concession can be granted to M/s Fortuner Ltd. for 500 liters of oil under:

- (A) Section 13: Pilfered goods  
 (B) Section 22: Abatement of duty on damaged or deteriorated goods  
 (C) Section 23: Remission of duty on lost, destroyed or abandoned goods  
 (D) None of above

## Question .30



The re-imported goods in India which were exported earlier are liable to duty and subject to all conditions & restrictions as goods of ..... are liable on importation

- (A) Identical nature  
 (B) Similar nature  
 (C) Either a or b above  
 (D) like kind and value

## Question .31



On relinquishment of title on any imported goods, the importer shall ..... thereon.

- (A) be liable to duty

- (B) be liable to duty at reduced rate  
 (C) not be liable to duty  
 (D) be eligible for refund

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | D              | In order to claim pilferage, There should be evidence of tampering with the packages, there should be blank space for the missing articles in the package, the missing articles should be unit articles.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2    | A              | SECTION 22. Abatement of duty on damaged or deteriorated goods. - (1) Where it is shown to the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs- (a) that any imported goods had been damaged or had deteriorated at any time before or during the unloading of the goods in India; or (b) that any imported goods, other than warehoused goods, had been damaged at any time after the unloading thereof in India but before their examination under section 17, on account of any accident not due to any wilful act, negligence or default of the importer, his employee or agent; or (c) that any warehoused goods had been damaged at any time before clearance for home consumption on account of any accident not due to any wilful act, negligence or default of the owner, his employee or agent, such goods shall be chargeable to duty in accordance with the provisions of sub-section (2). |
| 3    | D              | CG may, by notification, exempt such of the goods which are imported for the purposes of repair, further processing or manufacture, as may be specified therein, from the whole or any part of duty of customs leviable thereon, subject to the following conditions, the goods shall be re-exported after such repair, further processing or manufacture, as the case may be, within a period of one year from the date on which the order for clearance of the imported goods is made.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    |   |                                                                                                                                                                                                                                                                                                                                                                                     |
|---|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | A | A. It is only applicable in case of total loss of goods even if the same can be recovered. Even if the goods are not conforming to the specifications or abandoned at any time before clearance for home consumption. Importer has to prove to the proper officer that the goods are destroyed. Customs duty payable & therefore it will be remitted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 8  | D | When statement is granted u/s 22, Customs duty is computed on abated value i.e., ₹ 4,00,000<br>Basic Customs duty = ₹ 4,00,000 × 20% = ₹ 80,000<br>Social welfare surcharge = ₹ 80,000 × 10% = ₹ 8,000<br>IGST = ₹ 4,88,000 × 12% = ₹ 58,560<br>Total Customs duties payable = ₹ 1,46,560                                                                                           |
| 5 | A | SECTION 22. Abatement of duty on damaged or deteriorated goods. is available in the following cases (1) Where it is shown to the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs - (a) that any imported goods had been damaged or had deteriorated at any time before or during the unloading of the goods in India; or (b) that any imported goods, other than warehoused goods, had been damaged at any time after the unloading thereof in India but before their examination under section 17, on account of any accident not due to any wilful act, negligence or default of the importer, his employee or agent; or (c) that any warehoused goods had been damaged at any time before clearance for home consumption on account of any accident not due to any wilful act, negligence or default of the owner, his employee or agent. | 9  | D | (i) and (ii) are correct .As per the notification the condition to be satisfied are<br>1. Goods must be re exported within 6 month + 6 month upon permission form the date of re importation<br>2. The AC/DC is satisfied regarding the identity of goods<br>3. Importer at the time of importation executes a bond.                                                                |
| 6 | D | (i) Special exemption is not by way of notification but by way of order<br>(ii) General exemption is not by way of order but by way of notification<br>(iii) Special exemption is not required to be published in official gazatte<br>(iv) General exemption required to be published in official gazatte.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 10 | A | Conditions (i) The re-importation is done within 3 years or, if time is extended, within 5 years. (ii) The exported and re-imported goods are same. (iii) The ownership of goods should not have changed. All the above condition are correct                                                                                                                                       |
| 7 | D | As per Section 13 of Customs Act 1962, if Nay imported goods are pilfered after unloading thereof and before proper officer has made an order for clearance for home consumption or before order for deposit in warehouse, the importer shall not be liable to pay duty except where such goods are restored. therefore importer required to pay duty when goods are restored.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 11 | D | Goods are pilfered either After unloading & before the proper office has made an order for clearance for home consumption or Warehousing, Then Sec. 13 is applicable                                                                                                                                                                                                                |
|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 12 | A | If any imported goods are pilfered after the unloading thereof and before the proper officer has made an order for clearance for home consumption or deposit in a warehouse, the importer shall not be liable to pay the duty leviable on such goods except where such goods are restored to the importer after pilferage. However Sec. 13 not applicable w.r. to warehoused goods. |
|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 13 | B | As per the section 22 (2) The duty to be charged on the goods referred to in sub-section (1) shall bear the same proportion to the duty chargeable on the goods before the damage or deterioration which the value of the damaged or deteriorated goods bears to the value of the goods before the damage or deterioration.                                                         |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 14 | D | For the purposes of this section, the value of damaged or deteriorated goods may be ascertained by either of the following methods at the option of the owner :- (a) the value of such goods may be ascertained by the proper officer; or (b) such goods may be sold by the proper officer by public auction or by tender, or with the consent of the owner in any other manner; and the gross sale proceeds shall be deemed to be the value of such goods .  |
| 15 | B | As per SECTION 24. The Central Government may make rules for permitting at the request of the owner the denaturing or mutilation of imported goods which are ordinarily used for more than one purpose so as to render them unfit for one or more of such purposes; and where any goods are so denatured or mutilated they shall be chargeable to duty at such rate as would be applicable if the goods had been imported in the denatured or mutilated form. |
| 16 | B | As per SECTION 24. The Central Government may make rules for permitting at the request of the owner the denaturing or mutilation of imported goods which are ordinarily used for more than one purpose so as to render them unfit for one or more of such purposes; and where any goods are so denatured or mutilated they shall be chargeable to duty at such rate as would be applicable if the goods had been imported in the denatured or mutilated form. |
| 17 | D | In All the cases the goods can be sent back as such to the foreign country.                                                                                                                                                                                                                                                                                                                                                                                   |
| 18 | A | Derelict refers to any cargo vessel etc. abandoned in the sea with no hope of recovery                                                                                                                                                                                                                                                                                                                                                                        |
| 19 | B | Jetsam: to goods jettisoned from the vessel to save her from sinking                                                                                                                                                                                                                                                                                                                                                                                          |
| 20 | C | Conditions 1. Goods pilfered - No liability to pay customs duty2. Goods lost or destroyed - Remission of duty3. Goods damaged or deteriorated - Goods damaged or deteriorated                                                                                                                                                                                                                                                                                 |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                    |
|----|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 | C | The term 'pilfer' means "to steal, especially in small quantities; petty theft". Therefore, the term does not include loss of total package.                                                                                                                                                                                                                                       |
| 22 | D | As per Sec. 13 read with Sec. 45, if any imported goods are pilfered after unloading in any customs area, while in the custody of the custodian, such custodian shall be liable to pay duty on such goods.                                                                                                                                                                         |
| 23 | D | As per Sec. 13, If any imported goods are pilfered after the unloading thereof and before the proper officer has made an order for clearance for home consumption or deposit in a warehouse, the importer shall not be liable to pay the duty leviable on such goods. However, where such goods are restored to the importer after pilferage, the importer becomes liable to duty. |
| 24 | C | As per Sec. 15, The rate of duty prevailing on the date of presentation of bill of entry or entry inwards, whichever is later i.e., 14.04.2018 i.e., 8%                                                                                                                                                                                                                            |
| 25 | B | As per Sec. 13 read with Sec. 45, if any imported goods are pilfered after unloading in any customs area, while in the custody of the custodian, such custodian shall be liable to pay duty on such goods.                                                                                                                                                                         |
| 26 | A | As per Sec. 13 read with Sec. 45, The duty shall be paid by the custodian at the rate prevailing on the day of delivery of the arrival manifest or import manifest or as the case may be, an import report to the proper officer under section 30 for the arrival of the conveyance in which such goods were carried.                                                              |
| 27 | B | Custodian shall pay customs duty on the value of goods pilfered i.e., Rs 2 lakhs at the rate of 10%. Therefore customs duty payable = 2 lakhs X 10% = 0.2 lakhs.                                                                                                                                                                                                                   |
| 28 | B | Customs duty payable on the goods at the abated value of ₹ 8 lakhs i.e., ₹ 8 lakhs X 20% = ₹ 1.6 lakhs                                                                                                                                                                                                                                                                             |
| 29 | C | As 500 litres are not petty theft, importer can claim benefit w.r.to remission of duty.                                                                                                                                                                                                                                                                                            |



|    |   |                                                                                                                                                                                                                                                                                                               |
|----|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 30 | D | As per Sec. 20, If goods are imported into India after exportation therefrom, such goods shall be liable to duty and be subject to all the conditions and restrictions, if any, to which goods of the like kind and value are liable or subject, on the importation thereof.                                  |
| 31 | C | As per Sec. 23(2), The owner of any imported goods may, at any time before an order for clearance of goods for home consumption or an order for permitting the deposit of goods in a warehouse has been made, relinquish his title to the goods and thereupon he shall not be liable to pay the duty thereon. |

N O T E S

N O T E S

# ASSESSMENT UNDER CUSTOMS

## Question 1

As per Section 2(2) of the Customs Act, 1962, "assessment" includes

- (I) Provisional assessment
- (II) Self-assessment
- (III) Reassessment
- (IV) Any assessment in which the duty assessed is NIL.

Select the correct answer from the options given below:

- (A) (I) & (II)
- (B) (I), (II) & (IV)
- (C) (I), (II) & (III)
- (D) All (I) to (IV)

## Question 2

\_\_\_\_\_ of the Customs Act, 1962 prescribes the method for self-assessment of duty.

- (A) Section 15
- (B) Section 17
- (C) Section 19
- (D) Section 16

## Question 3

Self-assessed goods may be \_\_\_\_\_ by the proper officer.

- (A) Verified
- (B) Examined
- (C) Tested
- (D) Verified, examined, or tested

## Question 4

Selfassessment of duty as per section 17 of the Customs Act, 1962 is being done by Importer and Exporter relating to the goods subject to duty and after re assessment of duty if any, amount refundable is not refunded within.....from the date of re assessment of duty, there shall be paid interest on such unrefunded amount by Central Government.

- (A) 1 month
- (B) 2 months
- (C) 6 months
- (D) 3 months

## Question 5

Re-assessment of duty is done by the proper officer of customs if:

- (A) Duty is not paid
- (B) Provisional Assessment not done correctly
- (C) Self-assessment not done correctly
- (D) Duty is paid under protest

## Question 6

If the importer/exporter does not confirm his acceptance on re-assessment, then the proper officer of customs shall pass a -- ----- on the re-assessment.

- (A) Show Cause Notice
- (B) Demand Order
- (C) Standing Order
- (D) Speaking Order

## Question 7

The proper officer of customs shall pass a speaking order, if the importer/exporter does not confirm his acceptance on re-assessment, within:

- (A) One month from the date of reassessment of bill of entry or shipping bill, as the case may be
- (B) 30 days from the date of reassessment of bill of entry or shipping bill, as the case may be
- (C) 15 days from the date of reassessment of bill of entry or shipping bill, as the case may be
- (D) 60 days from the date of reassessment of bill of entry or shipping bill, as the case may be

## Question 8

Choose the correct alternative in the context of provisional assessment. Provisional Assessment can be done in:

- (i) Where the importer or exporter is unable to make self-assessment under sub-section (1) of section 17 and makes a request in writing to the proper officer for assessment
- (ii) Where the proper officer deems it necessary to subject any imported goods or export goods to any chemical or other test
- (iii) Where the importer or exporter has produced all the necessary documents and furnished full information but the proper officer deems it necessary to make further enquiry
- (iv) Where necessary documents have not been produced or information has not been furnished and the proper officer deems it necessary to make further enquiry

- (A) i & iv above
- (B) ii & iii above
- (C) Only i, ii & iv above
- (D) i, ii, iii, iv

## Question 9

The importer or exporter shall be liable to pay interest, on any amount payable to Central Government when finally assessed or re-assessed duty amount is more than duty provisionally paid, at the rate of:

- (A) 24% p.a.
- (B) 15% p.a.
- (C) 18% p.a.
- (D) 12% p.a.

## Question .10



If the finally assessed duty or reassessed duty is less than duty provisionally paid, then the importer or exporter is entitled to refund along with interest on such unrefunded amount, if the amount is not paid within three months from the date of final or reassessment of duty. The interest rate in such case shall be:

- (A) 6% p.a.  
(B) 10% p.a.  
(C) 5% p.a.  
(D) 12% p.a.

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                     |
|------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | D              | Assessment includes provisional assessment, self-assessment, reassessment and any assessment in which the duty assessed is nil.                                                                                                                                                                                                                 |
| 2    | B              | As per Section 17, An importer entering any imported goods under section 46 (Bill of entry), or an exporter entering any export goods under section 50 (Shipping Bill), shall, save as otherwise provided in section 85 (i.e. stores allowed to be warehoused without assessment of duty), self-assess the duty, if any, leviable on such goods |
| 3    | D              | As per Sec. 17, The proper officer may verify the entries made under section 46 (Bill of entry) or section 50 (Shipping Bill) and the self-assessment of goods and for this purpose, examine or test any imported goods or export goods or such part thereof as may be necessary.                                                               |
| 4    | D              | As per Sec. 18, if any refundable amount is not refunded within three months from the date of assessment of duty finally or re-assessment of duty, as the case may be, there shall be paid an interest on such unrefunded amount.                                                                                                               |

|   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | C | As per Sec. 17, Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 6 | D | As per Sec. 17, Where any re-assessment done is contrary to the self-assessment done by the importer or exporter and in cases other than those where the importer or exporter, as the case may be, confirms his acceptance of the said re-assessment in writing, the proper officer shall pass a speaking order.                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 7 | C | As per Sec. 17, The proper officer shall pass a speaking order on the re-assessment, within 15 days from the date of reassessment of the bill of entry or the shipping bill, as the case may be.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 8 | D | Provisional assessment can be resorted to in the following circumstances:<br>(a) where the importer or exporter is unable to make self-assessment under sub-section (1) of section 17 and makes a request in writing to the proper officer for assessment; or<br>(b) where the proper officer deems it necessary to subject any imported goods or export goods to any chemical or other test; or<br>(c) where the importer or exporter has produced all the necessary documents and furnished full information, but the proper officer deems it necessary to make further enquiry; or<br>(d) where necessary documents have not been produced or information has not been furnished and the proper officer deems it necessary to make further enquiry. |

|    |   |                                                                                                                                                                                                                                                                                               |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9  | B | The importer or exporter shall be liable to pay interest, on any amount payable to the Central Government, consequent to the final assessment order or reassessment order. The interest shall be payable at the rate fixed by the Central Government under section 28AA i.e., 15% p.a.        |
| 10 | A | If any refundable amount is not refunded within three months from the date of assessment of duty finally or re-assessment of duty, as the case may be, there shall be paid an interest on such unrefunded amount at such rate fixed by the Central Government under section 27A i.e., 6% p.a. |

**N O T E S**

**N O T E S**



# REFUND UNDER CUSTOMS

## JUSTIFICATION

### Question .1

Under Sec 26A an application for refund cannot be made after the \_\_\_\_\_ months from the relevant date

- (A) 6 Months
- (B) 9 Months
- (C) 3 Months
- (D) 12 Months

### Question .2

Under Sec 26A the commissioner can extend the 30 days period by \_\_\_\_\_ months

- (A) 3
- (A) 2
- (A) 1
- (A) 4

### Question .3

Which of the following statements is/are incorrect in relation to refund provisions under the Customs Act, 1962?

I). Interest on delayed refund is payable to the applicant only if duty ordered to be refunded is not refunded within 3 months from the date of receipt of application.

II). If imports were made by an individual for his personal use, the amount of duty found refundable, is paid to the applicant instead of being credited to the Consumer Welfare Fund.

III. Application for refund has to be made within 1 year of payment of duty where duty is paid under protest.

IV). Doctrine of unjust enrichment is applicable if refund of duty is relatable to drawback of duty payable under sections 74 and 75.

- (A) (i) and (iv)
- (B) (i) and (ii)
- (C) (iii) and (iv)
- (D) (ii), (iii) and (iv)

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | A              | As per Sec 26A An application for refund of duty shall be made before the expiry of six months from the relevant date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 2    | A              | As per the section 26A the period of thirty days may, on sufficient cause being shown, be extended by the Principal Commissioner of Customs or Commissioner of Customs for a period not exceeding three months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 3    | B              | <p>I. Interest on delayed refund is payable to the applicant only if duty ordered to be refunded is not refunded within 3 months from the date of receipt of application. The statement is correct.</p> <p>II. If imports were made by an individual for his personal use, the amount of duty found refundable, is paid to the applicant instead of being credited to the Consumer Welfare Fund. The statement is correct.</p> <p>III. Application for refund has to be made within 1 year of payment of duty where duty is paid under protest. The statement is not correct.</p> <p>No time limit for application for refund in case of the payment of duty under protest.</p> <p>IV. Doctrine of unjust enrichment is applicable if refund of duty is relatable to drawback of duty payable under sections 74 and 75. The statement is not correct. if refund of duty is relatable to drawback of duty payable under sections 74 and 75. the applicant is not required to prove the doctrine of unjust enrichment.</p> |

# BAGGAGE PROVISION

## Question .1

Section \_\_\_\_\_ allows the owner of the baggage to make a declaration of its contents to the proper officer of customs, for the purpose of clearing it. This is known as Baggage Declaration Form

- (A) 77
- (B) 78
- (C) 69
- (D) 70

## Question .2

Rate of duty on baggage is \_\_\_\_\_ ad valorem

- (A) 30
- (B) 33
- (C) 35
- (D) 50

## Question .3

If the class of passenger is a Indian resident or foreigner residing in India or tourist of Indian origin excluding an infant and the origin country from which the passenger is coming is any country other than Nepal or Bhutan or Myanmar the articles allowed free of duty includes:

- (A) Used personal effects and travel souvenir
- (B) Articles upto value of ₹ 50,000
- (C) Either A or B
- (D) Both A & B

## Question .4

If the class of passenger is a Indian resident or foreigner residing in India or tourist of Indian origin excluding an infant and the origin country from which the passenger is coming from Nepal or Bhutan or Myanmar the articles allowed free of duty includes:

- (A) Used personal effects and travel souvenir
- (B) Articles upto value of Rs 15,000
- (C) Either A or B
- (D) Both A & B

## Question .5

Gentlemen can carry jewellery up to 20 g with a value cap of ₹ \_\_\_\_\_:

- (A) 50,000
- (B) 100,000
- (C) 150,000
- (D) 200,000

## Question .6

Lady passenger can carry jewellery up to 40 g with a value cap of ₹ \_\_\_\_\_:

- (A) 50,000
- (B) 100,000
- (C) 150,000
- (D) 200,000

## Question .7

The various provisions of baggage rules are also applicable to the unaccompanied baggage, unless specifically excluded, if unaccompanied baggage had been in possession, abroad, of the passenger and is dispatched within \_\_\_\_\_ month of his arrival in India or such further period as the Deputy/Assistant Commissioner may allow.

- (A) 5
- (B) 1
- (C) 2
- (D) 3

## Question .8

The said unaccompanied baggage can also land in India upto \_\_\_\_\_ months before the arrival of the passenger, to get baggage concessions.

- (A) 5
- (B) 1
- (C) 2
- (D) 3

## Question .9

What is the applicable rate of duty on baggage?

- (A) 30% plus education & SHE Cess @3%
- (B) 35% + SWS@10%= 38.5%
- (C) 35% + SWS@10%= 45%
- (D) 45%

## Question .10

In Baggage Rules 2016, definition of infant

- (A) A child less than the age of 2 years
- (B) A child not more than age of 1 years
- (C) A child not more than age of 3 years
- (D) A child not more than age of 2 years

## Question .11

In Baggage rules 2016 what is the meaning of tourist?

- (A) Person not normally resident in India who enters India for a stay of not more than 5 months in course of 12 months
- (B) Person not normally resident in India who enters India for a stay of not more than 8 months in course of 12 months
- (C) Person not normally resident in India who enters India for a stay of not more than 10

months in course of 12 months

- Ⓓ Person not normally resident in India who enters India for a stay of not more than 6 months in course of 12 months

#### Question .12

What is the maximum limit of bona fide baggage that members of crew can take without payment of duty at the time of final pay off?

- Ⓐ Upto Rs 2000  
Ⓑ Upto Rs 1500  
Ⓒ Less Rs 2500  
Ⓓ Upto Rs 3000

#### Question .13

What is the maximum number of cigar that can be imported in bona fide baggage?

- Ⓐ 10 pieces  
Ⓑ 25 pieces  
Ⓒ 45 pieces  
Ⓓ 75 pieces

#### Question .14

What is the maximum weight of tobacco that can be imported in bona fide baggage?

- Ⓐ 100 gms  
Ⓑ 125 gms  
Ⓒ 145 gms  
Ⓓ 95 gms

#### Question .15

What is the maximum number of cartridges of fire arms that can be imported in bona fide baggage?

- Ⓐ 25  
Ⓑ 75  
Ⓒ 50  
Ⓓ 100

#### Question .16

What is the maximum quantity of wine that can be imported without payment of duty in bona fide baggage?

- Ⓐ 1 litre  
Ⓑ 4 litre  
Ⓒ 3 litre  
Ⓓ 2 litre

#### Question .17

As per Section 2(3) of the Customs Act, 1962, "baggage" includes

- (I) unaccompanied baggage  
(II) motor vehicles

Select the correct answer from the options given below:

- Ⓐ (II) only  
Ⓑ Both (I) & (II)

- Ⓒ (I) but not (II)  
Ⓓ None of the above

#### Question .18

Suhasini Oberoi, an Indian resident who was on a visit to USA, returned after 6 months for contesting in assembly elections of her State. She was carrying with her the following items:

Personal effect - ₹ 59,000

Laptop computers - ₹ 37,000

Jewellery - 25 grams (purchased in USA) - ₹ 67,000

Music System - ₹ 58,000

Compute the customs duty payable by Suhasini Oberoi with reference to the Baggage Rules, 2016.

- Ⓐ ₹ 28,875  
Ⓑ ₹ 62,370  
Ⓒ ₹ 85,085  
Ⓓ ₹ 48,125

#### Question .19

State which of the following statements are false

- (i) Every baggage arriving in India shall be cleared for home consumption and cannot be warehoused.  
(ii) Fire arms detained at the request of the passenger is not subject to customs duty  
(iii) The rate of duty on baggage is 110%  
(iv) Alcoholic liquor in excess of 2 litres can be brought on payment of applicable baggage duty
- Ⓐ (i) and (iv)  
Ⓑ (iii) and (iv)  
Ⓒ Only (iii)  
Ⓓ None of these

#### Question .20

An Indian gentleman passenger returns India after stay in USA for 2 years and brings jewellery valuing ₹ 1,50,000 and personal effects valuing ₹ 1,00,000. What is the amount of baggage duty

- Ⓐ ₹ 57,750  
Ⓑ ₹ 38,500  
Ⓒ ₹ 19,250  
Ⓓ None of these

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | A              | Section 77 allows the owner of the baggage has to make a declaration of its contents to the proper officer of customs, for the purpose of clearing it. This is known as Baggage Declaration Form.                                                                                                                                                                                                                                                                |
| 2    | C              | Rate of duty on baggage is 35 ad valorem + SWS of 10% so the effective rate of the customs duty will be 38.5%.                                                                                                                                                                                                                                                                                                                                                   |
| 3    | D              | the origin country from which the passenger is coming is any country other than Nepal or Bhutan or Myanmar the articles allowed free of duty includes Infant: only used personal effects Any other being a. An Indian resident b. Foreigner residing in India ; c. A tourist of India origin, Used personal effect travel souvenirs and Other articles upto 50000, if these are carried on the person or in the accompanied baggage of the passenger .           |
| 4    | D              | The origin country from which the passenger is coming is any country from Nepal or Bhutan or Myanmar the articles allowed free of duty includes Infant : only used personal effects Any other being a. An Indian resident b. Foreigner residing in India c. A tourist of India origin or foreign origin, Used personal effect travel souvenirs and Other articles upto 15000, if these are carried on the person or in the accompanied baggage of the passenger. |
| 5    | A              | Gentlemen can carry jewellery up to 20 g with a value cap of 50,000, Provided their stay abroad > 1 year                                                                                                                                                                                                                                                                                                                                                         |
| 6    | B              | Lady passenger can carry jewellery up to 40 g with a value cap of 100000, Provided their stay abroad > 1 year                                                                                                                                                                                                                                                                                                                                                    |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7  | B | The various provisions in the above rules are also applicable to the unaccompanied baggage, unless specifically excluded, if unaccompanied baggage had been in possession, abroad, of the passenger and is dispatched within 1 month of his arrival in India or such further period as the Deputy/Assistant Commissioner may allow.                                                                                                          |
| 8  | C | The various provisions in the above rules are also applicable to the unaccompanied baggage, unless specifically excluded, if unaccompanied baggage had been in possession, abroad, of the passenger and is dispatched within 1 month of his arrival in India or such further period as the Deputy/Assistant Commissioner may allow; The said unaccompanied baggage can also land in India upto 2 months before the arrival of the passenger. |
| 9  | B | The applicable rate of duty on baggage 35% + SWS@10% = 38.5%.                                                                                                                                                                                                                                                                                                                                                                                |
| 10 | D | Definition of infant a child not more than age of 2 years.                                                                                                                                                                                                                                                                                                                                                                                   |
| 11 | D | Tourist means a person not normally resident in India. who enters India for a stay of not more than 6 months in the course of any 12 months period for legitimate non- immigrant purposes.                                                                                                                                                                                                                                                   |
| 12 | B | the maximum limit of bona fide baggage that members of crew can take without payment of duty at the time of final pay off upto 1500 for personal or family use.                                                                                                                                                                                                                                                                              |
| 13 | B | the maximum number of cigar that can be imported in bona fide baggage is 25 pieces.                                                                                                                                                                                                                                                                                                                                                          |
| 14 | B | the maximum weight of tobacco that can be imported in bona fide baggage of 125 grams.                                                                                                                                                                                                                                                                                                                                                        |
| 15 | C | the maximum number of cartridges of fire arms that can be imported in bona fide baggage is 50.                                                                                                                                                                                                                                                                                                                                               |



|    |   |                                                                                                                                                                                                                                                                                                                                                    |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16 | D | the maximum quantity of wine that can be imported without payment of duty in bona fide baggage is 2 litre .                                                                                                                                                                                                                                        |
| 17 | C | As per Sec. 2(3) of Customs Act, 1962 "baggage" includes unaccompanied baggage but does not include motor vehicles;                                                                                                                                                                                                                                |
| 18 | A | Used personal Effect - Exempted<br>Laptop computer - Exempted<br>Jewellery - Dutiable = ₹ 67,000<br>(Allowance not available as stay for not more than 1 year)<br>Music System - Dutiable = ₹ 58,000 (Eligible for General Free allowance of ₹ 50,000)<br>Therefore, total dutiable value = ₹ 75,000<br>Baggage duty = ₹ 75,000 × 38.5% = ₹ 28,875 |
| 19 | C | Only w.r.to fire arms, cartridges of fire arms in excess of 50, Cigarettes exceeding 100, Cigars exceeding 25 and tobacco exceeding 125 gms, baggage duty is 110% and in all other cases, it is 38.5%                                                                                                                                              |
| 20 | C | As stay is more than a year, jewellery allowance of ₹ 50,000 can be claimed and even general free allowance of ₹ 50,000 can be claimed in case of jewellery. Therefore, Baggage duty is w.r.to remaining ₹ 50,000 × 38.5% = ₹ 19,250                                                                                                               |

N O T E S

N O T E S

# WAREHOUSING UNDER CUSTOMS

## Question .1

Section \_\_\_\_\_ allows warehoused goods to be exported without payment of import duty

- (A) 67
- (B) 68
- (C) 69
- (D) 70

## Question .2

Which section provides the allowance in respect of deficiency in quantity of volatile goods on account of natural loss?

- (A) Sec 70
- (B) Sec 71
- (C) Sec 72
- (D) Sec 73

## Question .3

Which of the following types of goods can be warehoused?

- (A) Only dutiable goods
- (B) All types of imported goods whether dutiable or not
- (C) Only goods to be exported
- (D) Only prohibited goods

## Question .4

Section 57 of the Customs Act, 1962 provides that the \_\_\_\_\_ may, subject to such conditions as may be prescribed, license a public warehouse wherein dutiable goods may be deposited.

- (A) Principal Commissioner of Customs or Commissioner of Customs
- (B) Central Government
- (C) Central Government or Commissioner of Customs
- (D) Commissioner (Appeal) or Commissioner of Customs

## Question .5

As per Section 58B(4) of the Customs Act, 1962, where the license issued u/s 57 or 58 or 58A is canceled, the goods warehoused shall, within \_\_\_\_\_ from the date on which order of such cancellation is served on the licensee or within such extended period as the proper officer may allow, be removed from such warehouse to another warehouse or be cleared for home consumption or export

- (A) Seven days
- (B) Ten days
- (C) Thirty days

- (D) One month

## Question .6

The importer of any goods in respect of which a bill of entry for warehousing has been presented u/s 46 and assessed to duty u/s 17 or 18 shall execute a bond in a sum equal to

- (A) thrice the amount of the duty assessed on such goods
- (B) twice the amount of the duty assessed on such goods
- (C) thrice the amount of assessable value of such goods
- (D) twice the amount of assessable value of such goods

## Question .7

In the case of capital goods intended for use in any 100% EOU, such goods can be stored up to a period of \_\_\_\_\_

- (A) 1 year
- (B) Till the clearance of such goods from the warehouse
- (C) 3 years
- (D) Till the expiry of 1 year from the date of order u / s 60( 1) permitting removal of goods from customs station for deposit in a warehouse

## Question .8

In the case of any goods not intended for use in any 100% EOU, such goods can be stored up to a period of \_\_\_\_\_

- (A) 2 years
- (B) 1 year
- (C) 6 months
- (D) 3 months

## Question .9

The owner of any warehoused goods may, after warehousing the same

- (a) inspect the goods
- (b) sale the goods
- (c) deal with their containers to prevent loss/deterioration/damage to the goods
- (d) consume the goods
- (e) sort the goods
- (f) show the goods for sale.

Select the correct answer from the options given below:

- (A) (a), (c), (e) & (f)
- (B) (a), (b), (d) & (f)
- (C) (a), (b), (c), (e) & (f)
- (D) (a), (e) & (f)

## Question .10

Warehouse means

- (i) A public warehouse licensed u/s 57

- (ii) A private warehouse licensed u/s 58  
 (iii) A special warehouse licensed u/s 58A

Select the correct answer from the options given below:

- (A) (ii) only  
 (B) Both (i) and (ii)  
 (C) (i) only  
 (D) (i) or (ii) or (iii)

#### Question .11



Balaram imported certain goods in November, and an 'into bond' bill of entry was presented on 28th November. Assessable value was US \$ 1,00,000. The order permitting the deposit of goods in the warehouse for 3 months was issued on 2nd Dec. Bholaram neither obtained an extension of the warehousing period nor cleared the goods within the permitted warehousing period of 1 st March. Only after a notice was issued under section 72 of the Customs Act, 1962 demanding duty and other charges, Bholaram removed the goods on 15th April. No additional duty or special additional duty is payable. You are supplied with the following information:

| Particular     | 28th Nov | 1st March | 15th March |
|----------------|----------|-----------|------------|
| Rate per US \$ | 66       | 65        | 64         |

- (A) ₹ 67,98,000  
 (B) ₹ 66,95,000  
 (C) ₹ 66,00,000  
 (D) ₹ 64,00,000

#### Question .12



Transaction value for the purpose calculating ACD on warehouse sale before clearance for home consumption or export, where only part of the warehoused goods has sold for more than once, shall be:

- (A) the transaction value of first of such transaction  
 (B) the transaction value which is higher of such transaction  
 (C) the transaction value of last of such transaction  
 (D) none of the above

#### Question .13



If any warehoused goods other than goods intended to be used in 100% EOU/EHTP/ STP, remains in warehouse for a period more than ..... from the date of order of warehousing, importer shall be liable to pay interest at the rate of..... on the amount of duty payable at the time of clearance of goods.

- (A) 60 days : 12% p.a.  
 (B) 1 year : 18% p.a.  
 (C) 90 days :15% p.a.  
 (D) 1 year : 15% p.a.

#### Question .14



Star Industries imported music instruments from Russia for ₹ 10 lakhs. The proper officer issued an order for clearance of goods for warehousing on 1.1.23. Star Industries cleared goods for home consumption on 31.12.23 by paying custom duty @ 10% (Ignore IGST). Calculate the interest payable by Star Industries as per warehousing provisions.

- (A) ₹ 15,000  
 (B) ₹ 18,000  
 (C) ₹ 12,386  
 (D) ₹ 11,261

#### Question .15



Mr. Ketan imported Spare parts of machinery and warehoused those goods. As per the provisions of customs law, Mr. Ketan can relinquish his title on such warehoused goods upon payment of:

- (A) Import duty  
 (B) Warehousing interest  
 (C) Penalties  
 (D) None of the above

N O T E S

## JUSTIFICATION

| Q.No | Correct Option | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | C              | <p>SECTION 69. Clearance of warehoused goods for 2[export].</p> <p>-</p> <p>(1) Any warehoused goods may be exported to a place outside India without payment of import duty if -</p> <p>5[(a) a shipping bill or a bill of export or the form as prescribed under section 84 has been presented in respect of such goods; ]</p> <p>3[(b) the export duty, fine and penalties payable in respect of such goods have been paid; and]</p> <p>(c) an order for clearance of such goods for 4[export] has been made by the proper officer.</p> <p>6[Provided that the order referred to in clause (c) may also be made electronically through the customs automated system on the basis of risk evaluation through appropriate selection criteria.] (2) Notwithstanding anything contained in sub-section (1), if the Central Government is of opinion that warehoused goods of any specified description are likely to be smuggled back into India, it may, by notification in the Official Gazette, direct that such goods shall not be exported to any place outside India without payment of duty or may be allowed to be so exported subject to such restrictions and conditions as may be specified in the notification.</p> |
| 2    | A              | <p>SECTION 70. Allowance in case of volatile goods. - (1) When any ware-housed goods to which this section applies are at the time of delivery from a warehouse found to be deficient in quantity on account of natural loss, the Assistant Commissioner of Customs or Deputy Commissioner of Customs may remit the duty</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

|   |   |                                                                                                                                                                                                                                                                   |
|---|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |   | on such deficiency.(2) This section applies to such warehoused goods as the Central Government, having regard to the volatility of the goods and the manner of their storage, may, by notification in the Official Gazette, specify.                              |
| 3 | A | Only dutiable goods imported can be warehoused upon order by customs officer. Non dutiable goods or prohibited goods are not allowed to be warehoused.                                                                                                            |
| 4 | A | Principal Commissioner of Customs or Commissioner of Customs is empowered to licence a person to own and operate a warehouse.                                                                                                                                     |
| 5 | A | Once warehousing licence is cancelled, within Seven days either the goods should be cleared for home consumption or taken to another warehouse or exported.                                                                                                       |
| 6 | A | Consignment bond to be executed in case of warehoused goods, which is thrice the amount of the duty assessed on such goods                                                                                                                                        |
| 7 | B | There is no time limit for warehousing in case of any goods imported by 100% EOU/ EHTP/STP/warehouse where manufacturing operations are permitted. Therefore, Till the clearance of such goods from the warehouse, goods can be deposited.                        |
| 8 | B | The time limit for deposit of goods in a warehouse is upto 1 year from the order of warehousing and it can be extended by Commissioner for further period                                                                                                         |
| 9 | A | Owner of warehoused goods cannot sell the goods but show the goods for sale and if the subsequent buyer is interested to purchase, the document of title to such goods can be transferred to the subsequent buyer, who then pay customs duty and clear the goods. |



|    |   |                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | D | Warehouse can be Public warehouse i.e., goods belonging to any person can be deposited (or) it can be private warehouse i.e., goods belonging to the licensee can be deposited (or) it can be a special warehouse i.e., notified goods imported can be deposited.                                                                                                                                         |
| 11 | C | Rate of exchange = Rate of exchange in force on the date of presentation of a bill of entry for warehousing shall apply i.e. \$ 1 = ₹ 66. [Section 14]<br>Rate of duty = Goods are deemed to be removed on expiry of warehousing period i.e. on 13.2.2017 and hence the rate of duty will be 10% including cess of 10%. Net rate = 11%. [Section 72]<br>Assessable value = \$1,00,000 × 66 = ₹ 66,00,000. |
| 12 | C | In case of warehoused goods sold by way of transfer of documents to title, the subsequent buyer is treated as importer as such person will be filing Ex-Bond BOE and for computation of IGST in such case, higher of the a) AV + BCD + SWS + Other customs duties or b) Transaction value of last of such transaction, should be considered.                                                              |
| 13 | C | As per Sec. 61, interest @ 15% p.a. Is payable after expiry of 90 days from the date of warehousing order till the date of payment of customs duty                                                                                                                                                                                                                                                        |
| 14 | C | As per Sec. 61, interest @ 15% p.a. Is payable after expiry of 90 days from the date of warehousing order till the date of payment of customs duty<br>Date of warehousing order = 11.12.23<br>Date of payment of customs duty = 31.12.23<br>No of days = 364 days (-)<br>Interest free period = 90 days<br>No. of days for which interest is to be computed = 274 days                                    |

|    |   |                                                                                                                                                                                                                                                                   |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15 | D | As per Proviso to Sec. 68, title to the imported goods warehoused can be relinquished and in such case, customs duty not payable and warehousing interest also shall not arise. Penalty shall be payable only if levied on account of contravention of provisions |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**N O T E S**

# FOREIGN TRADE POLICY

## Question .1

What is the specific export obligation for Domestic capital goods under export promotion capital goods scheme?

- (A) Duty saved\*4 times
- (B) Duty saved\*4.5 times
- (C) Duty saved\*5.5 times
- (D) Duty saved\*6 times

## Question .2

What is the basis of calculating reward/Scrip value in case of RODTEP?

- (A) Fob Value of export goods declared by exporter
- (B) Realized FOB Value of goods exported
- (C) FOB value with a value cap per unit
- (D) FOB value of export goods declared (or) 1.5 times the value of similar goods sold in the domestic market, whichever is higher

## Question .3

Who is ineligible for scrip under RODTEP?

- (A) Supporting Manufacturer
- (B) Merchant Exporter
- (C) Person making deemed exports
- (D) None of these

## Question .4

What is the value of FOB in USD million for obtaining one star holder?

- (A) 5
- (B) 25
- (C) 3
- (D) 300

## Question .5

What is the value of FOB in USD million for obtaining three star holder?

- (A) 2000
- (B) 400
- (C) 50
- (D) 500

## Question .6

What is the value of FOB in USD million for obtaining two star holder?

- (A) 15
- (B) 100
- (C) 200
- (D) 500

## Question .7

What is the value of FOB in USD million for obtaining four star holder?

- (A) 3
- (B) 25
- (C) 500
- (D) 200

## Question .8

What is the value of FOB in USD million for obtaining five star status holder?

- (A) 500
- (B) 25
- (C) 100
- (D) 800

## Question .9

Status holder is provided to the business leaders on the basis of their export performance. For this how many years export performance is calculated?

- (A) CFY+Preceding 3FY
- (B) CFY+Preceding 4FY
- (C) CFY+Preceding 1FY
- (D) CFY+Preceding 2FY

## Question .10

Status holder is provided to the business leaders on the basis of their export performance. For this how many years export performance is calculated in case of Gems and jewellery?

- (A) CFY+Preceding 3FY
- (B) CFY+Preceding 4FY
- (C) CFY+Preceding 1FY
- (D) CFY+Preceding 2FY

## Question .11

Only projects having a minimum investment of ₹ \_\_\_\_\_ crore in plant & machinery shall be considered for establishment as EOUs

- (A) 5
- (B) 3
- (C) 2
- (D) 1

## Question .12

For calculating export performance for grant of One Star Export House Status category, exports by IEC holders under the following categories shall be granted double weightage:

- (A) Micro, Small & Medium Enterprises (MSME) as defined in Micro, Small & Medium Enterprises Development (MSMED) Act 2006
- (B) Manufacturing units having ISO/BIS
- (C) Units located in North Eastern States including Sikkim and Jammu & Kashmir
- (D) All the above

Question .13 **Deemed exports cover three areas**

- (A) Supplies to domestic entities who can import their requirements duty free or at reduced rates of duty
- (B) Supplies to projects/ purposes that involve international competitive bidding
- (C) Supplies to infrastructure projects of national importance
- (D) All the above

Question .14 **Categories of Supplies considered as 'Deemed Export' include:**

- (A) Supply of goods against Advance Authorisation/ DFIA
- (B) Supply of goods to units located in EOU/ STP/ BTP/EHTP
- (C) Supply of capital goods against EPCG authorisation
- (D) All the above

Question .15 **Which of the following statement is False?**

- (A) Every exporter should obtain RCMC to claim benefits under FTP
- (B) Import of gifts through Post/Courier other than rakhi, Life saving medicines are prohibited
- (C) Import of all second hand goods requires authorisation
- (D) Goods reserved for STE can be imported only by them

Question .16 **Which ministry can regulate the Foreign Trade policy?**

- (A) Ministry of finance
- (B) Ministry of Commerce & Industry
- (C) Both
- (D) None of the above

Question .17 **Foreign Trade policy 2023 issued by director general foreign trade for:**

- (A) 4 Years
- (B) 3 Years
- (C) 5 Years
- (D) None of these

Question .18 **Foreign Trade policy issued by director general foreign trade is updated**

- (A) Every year
- (B) Two years once
- (C) Three years once

- (D) Five years once

Question .19 **Benefits to SEZ are governed under**

- (A) Customs Act, 1962
- (B) Foreign Trade Policy
- (C) SEZ Act, 2005
- (D) None of these

Question .20 **How many digits are there in Import Export Code?**

- a) 5 Digits
- b) 10 Digits
- c) 15 Digits
- d) 12 Digits

Question .21 **What is the minimum value addition for Advance authorization scheme under Foreign trade policy?**

- (A) 20%
- (B) 15%
- (C) 10%
- (D) 25%

Question .22 **What is the maximum time limit for fulfilling export obligation in Advance authorization scheme?**

- (A) 12 Months
- (B) 15 Months
- (C) 180 Days
- (D) 90 Days

Question .23 **What is the validity period of authorization in Advance authorization scheme under foreign trade policy?**

- (A) 12 Months
- (B) 15 Months
- (C) 9 months
- (D) 18 Months

Question .24 **What is the minimum value addition for Duty free import authorisation under Foreign trade policy?**

- (A) 20%
- (B) 15%
- (C) 10%
- (D) 25%

Question .25 **Which of the following privileges are granted to the Status Holders as per Foreign Trade Policy 2023?**

- (i) Authorisation and custom clearances for both imports and exports may be granted on self-declaration basis.
- (ii) Two Star Export Houses and above are permitted

to establish export warehouses.

III. Input-Output norms may be fixed on priority within 7 days by the Norms Committee.

IV. Exemption from furnishing of bank guarantee in Schemes under FTP.

(v) Deferred payment of customs duty

Choose the most appropriate option.

- Ⓐ (i), (ii), and (iv)  
 Ⓑ (i), (ii) and (iii)  
 Ⓒ i), (ii), (iii) and (iv)  
 Ⓓ i), (ii) and (v)

## JUSTIFICATION

| Q.No            | Correct Option                           | Explanation                                                                                                                                                                                                                                                                                                                                        |                 |                                          |           |             |           |              |           |              |           |               |           |               |
|-----------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------------------|-----------|-------------|-----------|--------------|-----------|--------------|-----------|---------------|-----------|---------------|
| 1               | D                                        | Specific export obligation under EPCG scheme is 6 times the duties/taxes saved on capital goods, which should be achieved within 6 years from the date of authorization.                                                                                                                                                                           |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 2               | C                                        | Benefit under RODTEP Scheme is payable as a % of FOB value with a value cap per unit                                                                                                                                                                                                                                                               |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 3               | C                                        | One of the ineligible supplies w.r. to RODTEP Scheme is deemed exports.                                                                                                                                                                                                                                                                            |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 4               | C                                        | <table><tr><th>Status Category</th><th>Export Performance (FOB/FOR Value in \$)</th></tr><tr><td>1 Star EH</td><td># 3 Million</td></tr><tr><td>2 Star EH</td><td># 15 Million</td></tr><tr><td>3 Star EH</td><td># 50 Million</td></tr><tr><td>4 Star EH</td><td># 200 Million</td></tr><tr><td>5 Star EH</td><td># 800 Million</td></tr></table> | Status Category | Export Performance (FOB/FOR Value in \$) | 1 Star EH | # 3 Million | 2 Star EH | # 15 Million | 3 Star EH | # 50 Million | 4 Star EH | # 200 Million | 5 Star EH | # 800 Million |
| Status Category | Export Performance (FOB/FOR Value in \$) |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 1 Star EH       | # 3 Million                              |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 2 Star EH       | # 15 Million                             |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 3 Star EH       | # 50 Million                             |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 4 Star EH       | # 200 Million                            |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 5 Star EH       | # 800 Million                            |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 5               | C                                        |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 6               | A                                        |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 7               | D                                        |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 8               | D                                        |                                                                                                                                                                                                                                                                                                                                                    |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 9               | A                                        | An applicant shall be categorised as status holder upon achieving export performance which is determined based on exports of current year and preceding 3 financial years.                                                                                                                                                                         |                 |                                          |           |             |           |              |           |              |           |               |           |               |
| 10              | D                                        | An applicant shall be categorised as status holder upon achieving export performance which is determined based on exports of current year and preceding 3 financial years.However, for gem and jewellery sector, exports of current year and previous 2 financial years.                                                                           |                 |                                          |           |             |           |              |           |              |           |               |           |               |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11 | D | Only projects having a minimum investment of ₹ 1 Crore in plant & machinery shall be considered for establishment as EOUs. However, this shall not apply to existing units, units in EHTP / STP/ BTP, and EOUs in Handicrafts/Agriculture/ Floriculture/Aquaculture/ Animal Husbandry/Information Technology, Services, Brass Hardware and Handmade jewellery sectors. BoA may allow establishment of EOUs with a lower investment criteria.                                                                                                       |
| 12 | D | For Calculating export performance for grant of 1 Star EH Status, Exports by following IEC holders shall be granted double weightage once in any of these categories. <ul style="list-style-type: none"> <li>• Micro &amp; Small Enterprises</li> <li>• Manufacturing units having ISO/BIS Certification</li> <li>• Units in North Eastern States, UT of J &amp; K , Ladakh</li> <li>• Export of fruits &amp; vegetables</li> </ul>                                                                                                                |
| 13 | D | Following are the deemed exports under FTP: <ul style="list-style-type: none"> <li>(i) Supply of goods against AA/ DFIA</li> <li>(ii) Supply of goods to EOU/ EHTP/STP/BTP</li> <li>(iii) Supply of capital goods against EPCG authorization</li> <li>(iv) Supply of goods to projects covered under International Competitive Bidding (ICB)</li> <li>(v) Supply of goods to UN or INTERNATIONAL ORGANISATIONS for their official use or supplied to projects FINANCED BY THEM.</li> <li>(vi) Supply of goods to NUCLEAR POWER PROJECTS</li> </ul> |
| 14 | D | Following are the deemed exports under FTP: <ul style="list-style-type: none"> <li>(i) Supply of goods against AA/ DFIA</li> <li>(ii) Supply of goods to EOU/ EHTP/STP/BTP</li> <li>(iii) Supply of capital goods against EPCG authorization</li> <li>(iv) Supply of goods to projects covered under International Competitive Bidding (ICB)</li> </ul>                                                                                                                                                                                            |



|    |   |                                                                                                                                                                                                                                                                |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |   | (v) Supply of goods to UN or INTERNATIONAL ORGANISATIONS for their official use or supplied to projects FINANCED BY THEM.<br>(vi) Supply of goods to NUCLEAR POWER PROJECTS                                                                                    |
| 15 | C | Import of second hand, AC, Generator, Desktop, Laptops, notified electronic goods requires authorisation However import of other second hand capital goods do not require authorization.                                                                       |
| 16 | B | FTP is regulated by Ministry of commerce and industry as per Foreign Trade (Regulation & Development) Act, 1992                                                                                                                                                |
| 17 | C | Usually FTP is for every five years. But in the current FTP 2023, end date not specified. therefore until new FTP is announced, existing FTP 2023 shall continue.                                                                                              |
| 18 | A | FTP is announced every 5 years with certain underlined objectives and updated every year, in addition to changes that are made throughout the year.                                                                                                            |
| 19 | C | Benefits and provisions with respect to Special Economic Zone (SEZ) is governed under SEZ Act, 2005 but not under FTP.                                                                                                                                         |
| 20 | B | Import Export Code (IEC) is a 10 digit Permanent Account Number (PAN) issued by DGFT.                                                                                                                                                                          |
| 21 | B | Under DFIA, the minimum value addition should be 15% i.e., FOB value of exports should be More than or equal to 115% of CIF value of imports.                                                                                                                  |
| 22 | D | Period of fulfilment of export obligation under advance authorisation is 90 days from the date of clearance of import consignment (No further extension)                                                                                                       |
| 23 | A | Validity of advance authorisation is 12 months from the date of issue of authorisation. Validity period of advance authorisation for deemed export supplies shall be co-terminus with contracted duration of the project (or) 12 months from the date of issue |

|    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 24 | A | Under DFIA, the minimum value addition should be 20% i.e., FOB value of exports should be More than or equal to 120% of CIF value of imports.                                                                                                                                                                                                                                                                                                                                                                                                             |
| 25 | A | <ol style="list-style-type: none"> <li>1. Warehouse license to 2 star and above</li> <li>2. Input Output Norms on priority i.e. within 60 days by norms committee</li> <li>3. Preferential treatment and priority in handling</li> <li>4. Exports free of cost (Except gems &amp; gold jewellery)</li> <li>5. Self declaration w.r. to authorization and customs clearances</li> <li>6. "Made in India" self certification for 3 star and above</li> <li>7. Exempted from furnishing bank guarantee &amp; compulsory negotiation of documents*</li> </ol> |

## NOTES

# INTEGRATED CASE STUDIES MCQ

## CASE SCENARIOS 1

Aspire Solutions Private Limited (hereinafter referred to as "Aspire Solution") is engaged in providing multidimensional services to its clients through its office in Haryana, registered under GST. During the month of July, following transactions were undertaken by Aspire Solutions:

- I. Import of certain cloud services from Bizcart.com for an amount of ₹ 50,00,000. There is an additional charge of 2% as equalization levy on such services in India which is recovered from the offshore service supplier by the Government. Bizcart.com passes the taxes to its customers by charging them, as its internal policy.
- II. Aspire Solutions pays sitting fee of ₹ 25,000 each to its 4 directors per month. Further, there are two directors who are in the executive roles and are withdrawing ₹ 2,00,000 each per month as salary from the company and the applicable TDS amount, under section 192 of the Income-tax Act, 1961, is deducted from such salary.
- III. Aspire Solutions paid for life insurance of its employees in compliance of its internal policy. The amount of premium was ₹ 5,00,000.
- IV. Aspire Solutions provided consultancy services to its client, Zoom Corp. based in Bangalore and issued an invoice of ₹ 30,00,000.
- V. Empowering India is a non-government organisation located in Haryana. It aims at empowering the eligible companies to grow their business in India. Aspire Solutions, being one of the eligible companies, received a subsidy of ₹ 5,00,000 in lumpsum from Empowering India for the month of July.
- VI. Aspire Solutions provided sponsorship services to Mr. X, an individual, for an event organized by it in the State of Haryana. The amount agreed for such sponsorship services is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. There is no other outward or inward supply transaction apart from aforesaid transactions in the month of July.

The opening balance of input tax credit for the relevant tax period for the company is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. GST is applicable on all inward and outward supplies at the following rates:

- i. Intra-State supply - 9% CGST and 9% SGST
- ii. Inter-State supply - 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 1.1 to 1.5

### Question 1.1

The GST liability for cloud services procured by Aspire Solutions from Bizcart.com shall be:

- Ⓐ On Bizcart.com, since the services are online information and database access or retrieval services and GST of ₹ 9,00,000 shall be paid by Bizcart.com
- Ⓑ Nil. There will not be any GST liability on the transaction since Bizcart.com is located outside India and services are provided electronically.
- Ⓒ On Bizcart.com under forward charge and GST of ₹ 9,18,000 shall be paid by Bizcart.com.
- Ⓓ On Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.

**Answer (d): -**

On Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions. As per Sec 14 IGST: SUPPLY OF OIDAR (online information and database access or retrieval) service to NTOR (non-taxable online recipient)

But in question, import of OIDAR Service is by business entity. Therefore following is the position:

Importation of OIDAR services by a business entity

[if the recipient is a business entity (excluding Government Governmental authority or Local authority)]

POS = Location of the recipient of services. (i.e., India): Sec 13(12)

Recipient located in India, Liable to pay IGST under reverse charge

Hence, IGST Payable for cloud services imported by Aspire Solutions from Bizcart.com shall be ₹ 9,18,000 (₹ 51,00,000 \* 18%)

### Question 1.2

**Aspire Solutions seek your advice on the taxability of the sitting fee payable to directors and salary payable to the executive directors. The correct advice is:**

- Ⓐ Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.
- Ⓑ Total amount payable to directors (sitting fees as well as salary) is exempt from GST.
- Ⓒ Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Aspire Solutions.
- Ⓓ Total amount payable to directors (sitting fees as well as salary) is liable to GST under forward charge in the hands of the directors as professional income.

**Answer: (a)**

Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.

Salary paid to executive Directors:

- I. This is for Services in the course of employer employee relation (i.e. a "contract of service")
- II. It is Part of Director Remuneration declared as salary and subject to TDS u/s 192 of Income Tax Act
- III. Services of Director = Not Supply (as per Schedule III of CGST Act) & hence not Taxable. Sitting fees paid to the directors (whether to whole time or part time Directors):
- IV. This is for Services not in the course of employer employee relation (i.e. a "contract for service")
- V. It is Part of Director Remuneration declared other than salary and subject to TDS u/s 194J of Income Tax Act
- VI. Services of Director = Supply & hence Taxable
- VII. Company Pay GST under Reverse charge

### Question 1.3

**What shall be the amount of input tax credit available with Aspire Solutions for the month of July?**

- Ⓐ ₹ 10,26,000
- Ⓑ ₹ 11,16,000
- Ⓒ ₹ 9,36,000
- Ⓓ ₹ 1,96,000

**Answer: - (c) ₹ 9,36,000**

| Particulars                                   | Nature of supply              | Value of supply & GST                                                            | Input tax credit      |
|-----------------------------------------------|-------------------------------|----------------------------------------------------------------------------------|-----------------------|
| Import of cloud services                      | Inter-state supply            | Value = 50 lakh + 2% of 50 lac= ₹ 51,00,000<br>IGST = 51 lakh x 18% = ₹ 9,18,000 | ₹ 9,18,000            |
| Inward supply of director services            | Intra-state supply (assumed)) | Value=₹ 25000 x 4 = ₹ 1,00,000 GST (CGST+SGST) = ₹ 1,00,000 x 18% = ₹ 18,000     | ₹ 18,000              |
| Life insurance service received for employees | Intra-state supply (assumed)  | ₹ 5,00,000 GST (CGST+SGST) = 5 lakh x 18% = ₹ 90,000                             | Blocked in sec 17(5)) |
| Total input tax credit available ₹ 9,36,000   |                               |                                                                                  |                       |

## Question 1.4

Compute the value of outward supplies made by Aspire Solutions in July.

- (A) 30,00,000  
(B) 25,00,000  
(C) 35,00,000  
(D) 40,00,000

Answer: - (c) 35,00,000

Computation of the value of outward supplies made by Aspire Solutions in July:

|                                                                                                             |              |
|-------------------------------------------------------------------------------------------------------------|--------------|
| Consultancy services to Its client, Zoom Corp. based in Bangalore                                           | ₹ 30,00,000. |
| Received a subsidy of 5,00,000 in lumpsum from Empowering India (not directly linked to value of supply)    | Nil          |
| Provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana | ₹ 5,00,000.  |
| Total value of outward supply                                                                               | ₹ 35,00,000  |

## Question 1.5

Compute the amount of GST to be deposited in cash by Aspire Solutions for the month of July.

- (A) Nil  
(B) 7,20,000  
(C) 9,36,000  
(D) 6,30,000

Answer: - (c) ₹ 9,36,000

Computation of amount of GST to be deposited in cash by Aspire Solutions for the month of July:

| PARTICULARS                                                                                                                                                                                                                                                                                                   | IGST         | CGST       | SGST       | Total        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|------------|--------------|
| GST liability under Forward charge:                                                                                                                                                                                                                                                                           |              |            |            |              |
| GST payable.<br>IGST on consultancy services to its client, Zoom Corp. based in Bangalore [₹ 30,00,000 × 18%] = ₹ 5,40,000<br>GST on sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana. CGST = ₹ 45,000 [₹ 5,00,000 × 9%], SGST = ₹ 45,000 [₹ 5,00,000 × 9%] | ₹ 5,40,000   | ₹ 45,000   | ₹ 45,000   | ₹ 6,30,000   |
| Less: ITC (IGST) of, ₹ 9,18,000 [ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio]                                                                                                                                                    | (₹ 5,40,000) | (₹ 45,000) | (₹ 45,000) | (₹ 6,30,000) |
| GST Payable under forward charge                                                                                                                                                                                                                                                                              | Nil          | Nil        | Nil        | Nil          |
| GST liability under Reverse charge                                                                                                                                                                                                                                                                            |              |            |            |              |
| GST on reverse charge payable on inward supplies. i.e import of cloud service, IGST = ₹ 9,18,000 [₹ 51,00,000 × 18%] Director service received CGST = ₹ 9,000 [₹ 1,00,000 × 9%], SGST = ₹ 9,000 [₹ 1,00,000 × 9%]                                                                                             | ₹ 9,18,000   | ₹ 9,000    | ₹ 9,000    | ₹ 9,36,000   |
| GST under reverse charge paid through cash Ledger                                                                                                                                                                                                                                                             | ₹ 9,18,000   | ₹ 9,000    | ₹ 9,000    | ₹ 9,36,000   |



Note: GST under reverse charge paid through cash ledger first and then credit taken of

| IGST       | CGST    | SGST    |
|------------|---------|---------|
| ₹ 9,18,000 | ₹ 9,000 | ₹ 9,000 |

## CASE SCENARIOS 2

Supernova India Limited is a 100% subsidiary of Supernova LLC, Japan, registered under GST in the State of Gujarat. Supernova Inc., Singapore, is another subsidiary of Supernova LLC, Japan, and is engaged in supply of industrial goods to customers across the world.

In India, Supernova Inc., Singapore, sells the goods to a sub-contractor registered under GST in the name of Alpha Limited in the State of Maharashtra. Alpha Limited imports the goods sold by Supernova Inc., Singapore and carries out the required technical process on such goods in the factory located in Maharashtra.

After the processing of goods by Alpha Limited, the goods are sold by Alpha Limited to Supernova India Limited for further sales to end customers.

As a holding company, Supernova LLC, Japan, recovers an amount equivalent to 20% of the sales made by Supernova India Limited as commission on monthly basis.

During the month of January, Alpha Limited imported the goods worth ₹ 10,00,000 from Supernova Inc., Singapore. The inter-State purchases of Alpha Limited from domestic market amounted to ₹ 2,00,000 during the month of January. The value of processed goods sold by Alpha Limited to Supernova India Limited amounted to ₹ 10,00,000. Further, Supernova India Limited paid an additional amount equivalent to ₹ 2,00,000 for transportation and handling of goods to third party, which was contractually agreed to be paid by Alpha Limited. No GST was payable on such transportation and handling to the third party. Alpha Limited has also charged an amount equivalent to ₹ 12,000 on such processed goods as miscellaneous municipal levy (other than GST) payable in the State of Maharashtra.

Supernova India Limited sold the goods purchased from Alpha Limited in the month of January as per the details provided below:

₹ ₹ ₹ 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan

₹ ₹ ₹ 8,00,000 worth goods to Y Ltd, a customer located in the State of Gujarat

There is no opening stock and closing stock for the month of January with Supernova India Limited. In January, Supernova India Limited sent 5 of its employees of finance team to Singapore for training purpose. The training was given by Supernova Inc., Singapore, at its office located in Singapore. The expenses related to such training were paid by Supernova India Limited to Supernova Inc., Singapore. Further, an employee of Supernova India Limited had visited the manufacturing unit of Alpha Limited in Mumbai, Maharashtra and had stayed in the hotel located in Mumbai, Maharashtra, in the month of January. At the time of checkout from hotel, the invoice was issued for an amount equivalent to ₹ ₹ 1,00,000. The hotel had issued invoice in the name of Supernova India Limited and GST was charged at the rate of 14% CGST and 14% SGST on total invoice amount of ₹ 1,00,000. Out of such amount, the amount recoverable from the employee towards non-official stay by Supernova India Limited was ₹ 50,000. Fun Events Ltd., an event management company at New Delhi, had organized an event in the month of January for Supernova India Limited, in Mauritius.

The opening balance of input tax credit of both Alpha Limited as well as Supernova India Limited for the relevant tax period is nil. Further, there is no other inward or outward supply transaction for Alpha Limited in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

All the above transactions are exclusive of GST, wherever applicable. GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

- I. Intra-State supply- 9% CGST and 9% SGST
- II. Inter-State supply - 18% IGST

The rate of basic customs duty on import of goods is nil. However, IGST is applicable on import of goods. No additional duty or cess is applicable on the import of goods or services.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 2.1 to 2.5 as follows: -

## Question 2.1

The total GST liability net of input tax credit, if any, of Alpha Limited for the month of January is:

- Ⓐ ₹ 2,18,160 payable as IGST.  
 Ⓑ Nil.  
 Ⓒ ₹ 2,160 payable as IGST.  
 Ⓓ ₹ 1,09,080 payable as CGST and ₹ 1,09,080 payable as SGST.

Answer: - (c) ₹ 2,160 payable as IGST.

Calculation of Value u/s 15 of processed goods sold by Alpha Limited to Supernova India Limited  
 [₹ 10,00,000 + ₹ 2,00,000 + ₹ 12,000] = ₹ 12,12,000

As per Sec 15(2)(b) value of taxable supply includes any amount incurred by recipient that supplier is liable to pay. Hence ₹ 2,00,000 included in value paid for transportation and handling of goods to third party by Supernova Ltd (Recipient), which was contractually agreed to be paid by Alpha Limited. (Supplier)  
 As per Sec 15(2)(a) value of taxable supply includes Any taxes/duties, fees and charges levied under any act except GST, If charged separately. Hence municipal tax of ₹ 12,000 included in value.

Calculation of total GST liability net of input tax credit, if any, of Alpha Limited for the month of January:

| Particulars                                                                                                                                                  | IGST         | CGST | SGST | Total        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------|------|--------------|
| GST liability under Forward charge                                                                                                                           |              |      |      |              |
| GST payable<br>IGST on 12,12,000 [12,12,000 × 18%] = ₹ 2,18,160                                                                                              | ₹ 2,18,160   | ---- | ---- | ₹ 2,18,160   |
| Less: ITC (IGST) of ₹ 2,16,000<br>[ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio] | (₹ 2,16,000) | ---- | ---- | (₹ 2,16,000) |
| GST Payable under forward charge                                                                                                                             | ₹ 2,160      | Nil  | Nil  | ₹ 2,160      |

## Question 2.2

What shall be the Gross IGST liability i.e. Without any adjustment of input tax credit, if any, of Supernova India Limited for the month of January?

- Ⓐ ₹ 1,08,000  
 Ⓑ Nil  
 Ⓒ ₹ 1,58,400  
 Ⓓ ₹ 3,02,400

Answer: (c) ₹ 1,58,400

Gross IGST liability i.e. without any adjustment of input tax credit, if any, of Supernova India Limited for the month of January:

| Particulars                                                                                                                                                                                                                                                                            | IGST       | CGST | SGST | Total      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------|------|------------|
| ₹ 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan = Inter-State Supply<br>Location of Supplier = Gujarat (Supernova Ltd) Place of Supply = Rajasthan (sec 10(1)(a): where movement of goods completed)<br>IGST on ₹ 6,00,000 [6,00,000 × 18%] = ₹ 1,08,000 | ₹ 1,08,000 | ---- | ---- | ₹ 1,08,000 |

|                                                                                                                                                                                                                                                                                                                        |            |          |          |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------|----------|------------|
| ₹ 8,00,000 worth goods to Y Ltd, a customer located in the State of Gujarat = intra-state supply<br>Location of Supplier = Gujarat (Supernova Ltd) Place of Supply = Gujarat (sec 10(1)(a): where movement of goods completed)<br>CGST: $[8,00,000 \times 9\%] = ₹ 72,000$<br>SGST: $[8,00,000 \times 9\%] = ₹ 72,000$ | ....       | ₹ 72,000 | ₹ 72,000 | ₹ 1,44,000 |
| Import of service payable under RCM @ 18%<br>Commission @ 20% on ₹ 8,00,000+₹ 6,00,000<br>= ₹ 14,00,000 i.e. ₹ 2,80,000 X 18%                                                                                                                                                                                          | ₹ 50,400   | -        | -        | ₹ 50,400   |
|                                                                                                                                                                                                                                                                                                                        | ₹ 1,58,400 | ₹ 72,000 | ₹ 72,000 | ₹ 3,02,400 |

## Question 2.3

**How shall the amount paid towards the training expenses for employees of finance team of Supernova India Limited be treated under the GST law?**

- Ⓐ No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.
- Ⓑ GST is applicable on the training expenses and is payable as IGST by Supernova India Limited since the place of supply for training services in case of registered person is location of such registered person.
- Ⓒ Supernova Inc., Singapore, is required to obtain registration as casual taxable person in India and discharge the GST liability in India.
- Ⓓ Supernova Inc., Singapore, is required to obtain registration as online information and database access or retrieval service provider in India and discharge the tax liability on training service.

**Answer:- a) No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.**

|                                                                                                                                                                            |                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Supplier                                                                                                                                                                   | Supernova Inc., Singapore                                 |
| Recipient                                                                                                                                                                  | Supernova India Ltd                                       |
| Nature of Activity                                                                                                                                                         | Training Services of 5 employees of finance team          |
| As per Sec 13(3)(b) of IGST Act: Place of Supply=                                                                                                                          | Hence place of supply is Singapore which is outside India |
| services supplied to an individual, which require the physical presence of the recipient or the person acting on his behalf, With the supplier for the supply of services. | location where the services are actually performed        |

As per sec 9 CGST Act/ Sec 5 IGST Act: GST is payable on intra/inter-state supply. Supplier (Supernova Inc., Singapore) is outside India and making supply of service (i.e, training service) outside India. So training service outside India by supplier outside India is neither intra-state supply nor inter-state supply. Hence, there is no GST liability.

## Question 2.4

Whether input tax credit is available on the GST paid by Supernova India Limited on the invoice amounting to ₹ 1,00,000 to the hotel located in Mumbai, Maharashtra, for stay of the employee? If yes, please specify the amount of input tax credit available.

- Ⓐ Yes, as ₹ 14,000 CGST and ₹ 14,000 SGST  
 Ⓑ Yes, as ₹ 28,000 IGST  
 Ⓒ No input tax credit is available  
 Ⓓ (d) Yes, as ₹ 7,000 CGST and ₹ 7,000 as SGST

**Answer: - (c) No input tax credit is available**

|       |                                                                                                                                                                                                        |                                                                                                                      |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| 12(3) | POS of services provided in relation to immovable Property:                                                                                                                                            | Supply of services. -                                                                                                |
|       | The place of supply of services by way of lodging accommodation by a hotel, inn, guest house, home stay, club or campsite, by whatever name called, and including a house boat or any other vessel; or | Location at which the immovable property or boat or vessel, as the case may be, is located or intended to be located |

Location of Supplier= hotel located in Mumbai, Maharashtra

Place of Supply= as per sec 12(3): Mumbai, Maharashtra

Hence, stay of employee is service by way of lodging accommodation in hotel. It is intra-state supply in Maharashtra, since Location of supplier and place of supply is in Maharashtra.

Further, input tax credit is not available in respect of intra-state supply taken in a State other than state where supplier is registered.

## Question 2.5

Whether GST is applicable on the event organized by Fun Events Ltd. for Supernova India Limited in Mauritius and what is the place of supply in such case?

- Ⓐ GST is applicable and the place of supply is New Delhi.  
 Ⓑ GST is applicable and the place of supply is Gujarat.  
 Ⓒ GST is not applicable and the place of supply is Mauritius.  
 Ⓓ GST is applicable and the place of supply is Mauritius.

**Answer: - (b)**

**GST is applicable and the place of supply is Gujarat.**

Section 12 of IGST Act 2017 shall apply to determine the place of supply of services where the location of supplier (LOS) of services and the location of the recipient (LOR) of services is in India.

|       |                                                                                                                                                                                                                                                                                                                                                                     |                                      |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 12(7) | POS for organisation                                                                                                                                                                                                                                                                                                                                                |                                      |
|       | a. organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events; or<br>b. services ancillary to clause (a), or assigning of sponsorship to such events,<br>i) person,<br>ii) to a person other than a registered person | location of such person;             |
|       | IF event is held in INDIA                                                                                                                                                                                                                                                                                                                                           | place where the event is actual held |
|       | IF event is held OUTSIDE INDIA                                                                                                                                                                                                                                                                                                                                      | location of the recipient.           |

Since organisation of event by Fun Events Ltd. is to Supernova India Limited which is registered in Gujarat, place of supply is location of registered person i.e., Gujarat.



## CASE SCENARIOS 3

Doodle Inc. is an entity incorporated in USA and is engaged in provision of various information technology related services directly as well as through its subsidiaries located across the world. In India, Doodle India, a subsidiary of Doodle Inc., is registered under GST in the State of Karnataka under GST and is providing services to various customers in India.

Doodle Inc. provides cloud-based storage services to its customers (business entities and non-business entities) in India. The customers can subscribe to the services by making online payment directly to Doodle Inc.'s bank account through internet banking and other modes. The terms and conditions for such services are entered between Doodle Inc. and the customer directly without involvement of any third party.

In case of any issue, the customers can call and log the issue at the customer help centre which is operated by Doodle India on principal to principal basis. For operation of such customer help centre, Doodle India is paid on cost plus 10% basis by Doodle Inc. on monthly basis.

Further, Doodle India is engaged in promotion and marketing of cloud-based storage services on principal-to-principal basis in India for Doodle Inc. The payment for such services is made by Doodle Inc. to Doodle India on monthly basis at cost plus 20%. The promotional and marketing activities are carried out in the name of Doodle Inc., without any reference to operations of Doodle India.

Doodle Inc. owns online space for advertisement on internet. Doodle Inc. has agreed to sell such online advertising space to Doodle India for an amount of ₹ 5,00,00,000 per month. Doodle India sells such advertising space to its customers in India on its own account. The contractual arrangement for sale of such advertising space is between the customer and Doodle India.

Doodle Inc. provides technology support to Doodle India and charges royalty from Doodle India for such technology support at a fixed charge of ₹ 25,00,000 per month. The royalty paid is exclusively related to the business of advertising space of Doodle India.

In addition to above information, during the month of January:

I. Doodle India has incurred following expenses:

1. Expenses exclusively related to operation of call centre- ₹ 75,00,000.

2. Expenses exclusively related to promotion and marketing service for Doodle Inc. - ₹ 50,00,000.

II. Doodle India earned an income of ₹ 8,00,00,000 from sale of online advertising space in India.

III. Doodle Inc. earned an income of ₹ 10,00,00,000 from non-taxable online recipient customers, from cloud-based storage services in India.

The opening balance of input tax credit for the relevant period for Doodle India is nil.

Note: In the aforesaid case scenario,

I. GST is applicable on all inward and outward supplies unless otherwise specified:

A. Intra-State supply- 9% CGST and 9% SGST 8:- Inter-State supply- 18% IGST

II. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

III. All the amounts are exclusive of GST, wherever applicable, unless otherwise provided.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 3.1. to 3.4. as follows:-

## Question 3.1

What shall be the output tax payable, without any adjustment of input tax credit, if any, by Doodle India for the month of January?

- (A) ₹ 1,44,00,000
- (B) ₹ 2,38,50,000
- (C) ₹ 1,69,65,000
- (D) ₹ 1,66,50,000

Answer: - (a) ₹ 1,44,00,000

| Outward supply                            | Value         | Nature of supply     | GST                                 |
|-------------------------------------------|---------------|----------------------|-------------------------------------|
| Sale of online advertising space in India | ₹ 8,00,00,000 | Intra or inter-state | ₹ 8,00,00,000×18%=<br>₹ 1,44,00,000 |

|                                                                |                                      |                                                                                                                                                                                                                                                                           |                                                                                 |
|----------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Call center service to Doodle Inc                              | = ₹ 75 lac<br>x110%<br>= ₹ 82,50,000 | Inter-state<br>(1) LOS= India,<br>(2) LOR= USA<br>(outside India)<br>(3) POS = LOR i.e.<br>USA as per Sec<br>13(2), (3) Foreign<br>exchange received.<br>Note: Doodle Inc<br>& Doodle India are<br>separate company.<br>Hence there is no<br>need for distinct<br>person. | Nil<br>(zero-rated supply)<br>It is assumed that<br>export is under<br>Bond/LUT |
| Promotion and marketing services to Doodle Inc                 | = ₹ 50 lac<br>x120% =<br>₹ 60,00,000 | same as above                                                                                                                                                                                                                                                             | Nil same as above-                                                              |
| Output tax payable, without any adjustment of input tax credit |                                      |                                                                                                                                                                                                                                                                           | ₹ 1,44,00,000                                                                   |

**Question 3.2**

What shall be the net GST liability of Doodle Inc. for the month of January?

- (A) Nil  
 (B) ₹ 1,80,00,000  
 (C) ₹ 1,84,50,000  
 (D) ₹ 2,74,50,000

**Answer: - (b) 1,80,00,000**

Sec 14 IGST: SUPPLY OF OIDAR service (cloud-based storage services) To NTOR: The supplier (Doodle Inc.) of OIDAR services shall, for payment of IGST, take a single registration under the Simplified Registration Scheme to be notified by the Government.

Further, if SUPPLY OF OIDAR service to NTOR

|                                                                                                                              |                                                                          |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| If the SUPPLIER (Doodle Inc.) OF OIDAR SERVICES (cloud- based storage services) is located in Non-taxable territory i.e. USA | Person liable to pay tax is the SUPPLIER OF OIDAR SERVICES (Doodle Inc.) |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|

Hence GST on cloud-based storage services in India by Doodle Inc. to non-taxable online recipient customers = ₹ 10,00,00,000 × 18% = ₹ 1,80,00,000

**Question 3.3**

What shall be the total input tax credit of Doodle India from the transactions undertaken in the month of January?

- (A) Total input tax of ₹ 90,00,000  
 (B) Total input tax of ₹ 1,12,50,000  
 (C) Total input tax of ₹ 1,17,00,000  
 (D) Total input tax of ₹ 27,00,000

**Answer: - (c) Total input tax of ₹ 1,17,00,000**

Note: outward supply of Doodle (India) is:

- I. zero-rated (call Centre & business/marketing service), (ii) sale of adv. Space in India (Domestic taxable service). Since Zero-rate supply is not exempt supply, hence 100% credit allowed of inward supply.  
 II. Calculation of Total Input tax credit

| Particulars                                                    | Nature of supply   | Value of supply & GST                                     | Input tax credit |
|----------------------------------------------------------------|--------------------|-----------------------------------------------------------|------------------|
| Purchase (import) of online advertising space from Doodle Inc. | Inter-state supply | Value = 5 crore. IGST<br>= 5 crore × 18%<br>= ₹ 90,00,000 | ₹ 90,00,000      |

|                                                                                  |                             |                                                          |               |
|----------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------|---------------|
| Import of technology support                                                     | Inter-state supply          | Value = 25 lakh IGST<br>= 25 lakh × 18% =<br>4,50,000    | ₹ 4,50,000    |
| Expenses exclusively related to operation of call centre                         | Inter or Intra-state supply | Value = 75 lakh IGST<br>= 75 lakh × 18%<br>= ₹ 13,50,000 | ₹ 13,50,000   |
| Expenses exclusively related to promotion and marketing services for Doodle Inc. | Inter or Intra-state supply | Value = 50 lakh IGST<br>= 50 lakh × 18%<br>= ₹ 9,00,000  | ₹ 9,00,000    |
| Total input tax credit available                                                 |                             |                                                          | ₹ 1,17,00,000 |

**Question 3.4**

Please select the correct statement specifically in relation to sale of online advertisement space service provided by Doodle Inc. to Doodle India:

- Ⓐ Doodle Inc is providing online information and database access or retrieval service and is thus, required to register in India under GST and discharge GST on forward charge basis.
- Ⓑ Doodle Inc is providing online information and database access or retrieval service electronically and place of supply in such case is the location of supplier which is outside taxable territory in present scenario. Therefore, no GST is payable on such services.
- Ⓒ Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.
- Ⓓ Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India in capacity of an agent of Doodle Inc.

**Answer: - (c) Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.**

|                                                                                                                                                                                                       |                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Importation of OIDAR (online information and database access or retrieval service) services by a business entity                                                                                      | Import by Doodle India (business entity)<br>[Since, Supplier (outside India), Recipient (in India)] |
| If supplier of OIDAR service is located outside India and the recipient is located in India [if the recipient is a business entity (excluding Government, Governmental authority or Local authority)] | Supplier=Doodle Inc.(outside India: USA)<br>Recipient=Doodle India (India)                          |
| POS = Location of the recipient of services, (i.e India): Sec 13(12)                                                                                                                                  | POS = India                                                                                         |
| Recipient located in India, Liable to pay IGST under reverse charge                                                                                                                                   | Doodle India Liable to pay IGST under reverse charge                                                |

**N O T E S**

## CASE SCENARIOS 4

XYZ Ltd. is registered with the jurisdictional GST authorities in the State of Rajasthan and operates in multiple businesses. The principal business of XYZ Ltd. is works contract service being provided to the customers by way of fabricating and installing the body for large transportation vehicles. The chassis of the vehicles are provided by the customers to XYZ Ltd. XYZ Ltd. procures the material for fabrication and installs the same on the chassis against a lumpsum agreed amount for material as well as services.

In addition to the above business, XYZ Ltd. is also engaged in providing transportation of goods by road through its own fleet of trucks. GST is chargeable on such services @ 5%.

During the month of January, XYZ Ltd. undertook the following transactions:

- I. Provided transportation of goods services to A Ltd., a registered person under GST in the State of Gujarat and received an amount of ₹ 10,00,000 as consideration for the same.
- II. Purchased tyres for its own fleet of trucks and paid an amount of ₹ 1,00,000 for such purchase
- III. Purchased a machinery with an advance technology for fabrication of body for luxury buses amounting to ₹ 50,00,000. The machinery is installed at XYZ Ltd.'s premises and the same was purchased from B Ltd., a registered person in the State of Rajasthan. B Ltd. procured such machinery from C Ltd., a registered person under GST in the State of Maharashtra. The delivery was made by C Ltd. directly at the premises of XYZ Ltd. and installation work was carried out by the engineers of C Ltd. The amount charged by C Ltd. from B Ltd. was ₹ 42,00,000.
- IV. XYZ Ltd. procured certain engineering services for its fabrication business through electronic mode from Lummus Inc., a company located in Italy. The consideration paid to Lummus Inc. was ₹ 15,00,000. Further, certain goods were exported by XYZ Ltd. for carrying out repairs work on the same to Lummus Inc. The consideration paid for such goods was ₹ 5,00,000.
- V. Provided transportation services to ABC Ltd., its related party and received an amount of ₹ 5,00,000. The arm's length amount of such services provided to third party unrelated customers was ₹ 7,00,000.
- VI. XYZ Ltd. sold scrap relating to fabrication business amounting to ₹ 5,00,000.
- VII. Purchased goods relating to fabrication business for ₹ 10,00,000 out of which goods worth ₹ 1,00,000 were stolen from the premises of XYZ Ltd.
- VIII. Received an advance of ₹ 10,00,000 for fabrication work on new chassis and ₹ 3,00,000 towards transportation services from W Ltd., a registered person under GST in the State of Madhya Pradesh.

The opening balance of input tax credit for the relevant tax period for XYZ Ltd. is nil. All the above amounts are exclusive of GST, wherever applicable. The applicable GST rate on all inward and outward supplies is 18% unless specified otherwise. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 4.1. to 4.5

## Question 4.1

Determine the net outward GST liability, payable in cash, of XYZ Ltd. for the month of January.

- (A) ₹ 5,40,000
- (B) ₹ 2,70,000
- (C) Nil
- (D) ₹ 7,38,000

**Answer: - (c) Nil**

Note: It is to be noted that question specifies works contract service which is related to immovable property. But actually in this question fabrication work on new chassis treated as job-work service. Since, it is related to movable property.

Determination of the net outward GST liability, payable in cash, of XYZ Ltd. for the month of January:

| Particulars                                                                                                                                             | GST        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Sold scrap relating to fabrication business [₹ 5,00,000 * 18%]                                                                                          | ₹ 90,000   |
| Received an advance for fabrication work on new chassis from W Ltd (MP).                                                                                |            |
| [It is treated as job-work service (₹ 10,00,000 * 18%). As per Sec 12 of time of Supply: GST liability arises at time of advance received for services] | ₹ 1,80,000 |
| Transportation of goods services to A Ltd., a registered person under GST in Gujarat                                                                    |            |
| [A Ltd. Pay GST under reverse charge, since rate of GST given is 5%]                                                                                    | Nil        |



|                                                                                                                                                                                                                                                           |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Transportation services to ABC Ltd., its related party. Value = 5 lac (assumed 100% ITC available to recipient. Hence value declared in Invoice is open market value - Rule 27)<br>[ABC Ltd. Pay GST under reverse charge, since rate of GST given is 5%] | Nil          |
| Received an advance for transportation services from W Ltd (M.P)<br>[W Ltd. Pay GST under reverse charge, since rate of GST given is 5%]                                                                                                                  | Nil          |
| Gross GST Liability                                                                                                                                                                                                                                       | ₹ 2,70,000   |
| Less: input tax credit (₹ 2,70,000 used out of ₹ 3,32,000) see (ii) point for calculation of ITC                                                                                                                                                          | (₹ 2,70,000) |
| NET GST Liability                                                                                                                                                                                                                                         | NIL          |
| Note: ICAI Should have asked question for Gross GST Liability.                                                                                                                                                                                            |              |

**Question 4.2**

What shall be the total eligible input tax credit available to XYZ Ltd. for the month of January?

- (A) ₹ 10,80,000  
 (B) ₹ 10,62,000  
 (C) ₹ 13,32,000  
 (D) ₹ 9,00,000

**Answer:-(c) ₹ 13,32,000**

|                                                                                                                                                                                                                                              |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Calculation of total eligible input tax credit available to XYZ Ltd. for the month of January:                                                                                                                                               |             |
| Machine (capital goods) purchased for job-work service [50 Lac x 18%]                                                                                                                                                                        | ₹ 9,00,000  |
| Import of engineering service for job-work service [15 Lac x 18%]                                                                                                                                                                            | ₹ 2,70,000  |
| Repair service taken from abroad from M/s Lummus Inc (Italy). LOS= Italy (outside India), POS u/s 13(3)(a) = Italy (outside India) i.e., place of performance, No GST liability, since supplier outside India provided service outside India | Nil         |
| Purchased goods of ₹ 10 lac                                                                                                                                                                                                                  |             |
| Less - stolen goods ₹ 1 lac (credit blocked in sec 17(5) [9 Lac x 18%]                                                                                                                                                                       | ₹ 1,62,000  |
| Purchase of tyres for use in GTA Service (ITC Not available, since rate of GST opted by GTA is 5%)                                                                                                                                           | Nil         |
| Total eligible input tax credit                                                                                                                                                                                                              | ₹ 13,32,000 |

**Question 4.3**

Whether Lummus Inc. is required to obtain registration in India to discharge GST liability? If yes, compute the amount of GST liability to be discharged by it in the month of January?

- (A) Yes, as online information database access and retrieval service provider. GST payable is ₹ 3,60,000  
 (B) Yes, as online information database access and retrieval service provider. GST payable is ₹ 2,70,000  
 (C) No, GST liability of Lummus Inc. is nil.  
 (D) Yes, as normal taxpayer. GST payable is ₹ 3,60,000

**Answer: - (c) No, GST liability of Lummus Inc. is nil.**

GST liability to be discharged by Lummus Inc :

1. engineering service by Lummus Inc (Italy) to M/s XYZ Ltd. (India)

LOS = Italy, POS = LOR as per sec 13(2) = India

It is import of service for M/s XYZ Ltd. Hence M/s XYZ Ltd pay IGST under reverse charge.

No GST liability on M/s Lummus Inc.

2. service of Repair to M/s XYZ Ltd

LOS = Italy, POS = Italy as per Sec 13(3) i.e Place of performance.

It is not import of service. No GST Liability since supplier outside India provided service outside India

No GST liability on M/s Lummus Inc.

## Question 4.4

Determine the GST liability of XYZ Ltd. on transportation of goods services provided to ABC Ltd.

- (A) Nil  
(B) ₹ 90,000  
(C) ₹ 1,26,000  
(D) ₹ 36,000

Answer: - (a) Nil

Note: M/s ABC Ltd. Pay GST under reverse charge.

## Question 4.5

In case of the machinery sold and fabricated by C Ltd., the place of supply and tax charged shall be:

- (A) Location of C Ltd.; IGST of ₹ 7,56,000  
(B) Location of XYZ Ltd.; IGST of ₹ 7,56,000  
(C) Location of B Ltd.; IGST of ₹ 9,00,000  
(D) Location of C Ltd.; CGST of ₹ 3,78,000 and SGST of ₹ 3,78,000

Answer: - (b) Location of XYZ Ltd.; IGST of ₹ 7,56,000

|                                                                                   |                                                                                                |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Supply by M/s C Ltd (Maharashtra) to M/s B Ltd (Rajasthan)                        | Supply by M/s B Ltd (Rajasthan) to M/s XYZ Ltd (Rajasthan)                                     |
| Sec 10(1)(b)- POS = Principal place of 3rd Person i.e (B Ltd.)<br>POS = RAJASTHAN | Sec 10(1)(a) - POS = where movement of goods terminate for delivery to recipient (M/s XYZ Ltd) |
| LOS = C Ltd (Maharashtra), POS = RAJASTHAN                                        | LOS = B Ltd (Rajasthan), POS = RAJASTHAN                                                       |
| It is inter-state supply                                                          | It is intra-state supply                                                                       |
| IGST = 42 LAC * 18% = ₹ 7,56,000                                                  | CGST = 50 LAC × 9% = ₹ 4,50,000<br>SGST = 50 LAC × 9% = ₹ 4,50,000                             |

## CASE SCENARIOS 5

Varun Associates is a supplier registered under GST in Delhi. It is engaged in manufacture of Product A and Product B. Product A is a taxable product whereas Product B is an exempt product. It is also engaged in manufacture of Product C, a taxable product, which is exported by it to other countries without payment of tax under Letter of Undertaking.

It has furnished following information regarding purchase of the machineries for his manufacturing business:

| Date of purchase     | Machinery   | A m o u n t<br>(₹) |                                                      |
|----------------------|-------------|--------------------|------------------------------------------------------|
| (Exclusive of taxes) |             |                    |                                                      |
| 1st April, 2018      | Machinery X | 10,00,000          | Exclusively used for manufacturing Product A         |
| 1st October, 2019    | Machinery Y | 15,00,000          | Exclusively used for manufacturing Product B         |
| 1st May, 2020        | Machinery Z | 20,00,000          | Exclusively used for zero- rated supply of Product C |

From 1st April, 2021, Varun Associates started using Machinery Y for manufacturing Product A as well.

All the purchases and sales are inter-State and rate of IGST applicable on all purchases and sales is 18%. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 5.1. to 5.6. as follows: -

## Question 5.1

The amount of input tax which has been credited to electronic credit ledger during the financial year 2018-19-

- Ⓐ ₹ 1,80,000
- Ⓑ ₹ 3,60,000
- Ⓒ ₹ 8,10,000
- Ⓓ ₹ 5,40,000

Answer: - (a) ₹ 1,80,000

Note: Amount of input tax which has been credited to electronic credit ledger during F.Y 2018-19

|                                                                                                    |                           |
|----------------------------------------------------------------------------------------------------|---------------------------|
| Only Machinery X purchased in F.Y 2018-19 for Exclusively used for manufacturing Taxable Product A | 10 lac × 18% = ₹ 1,80,000 |
|----------------------------------------------------------------------------------------------------|---------------------------|

## Question 5.2

The amount of GST, paid on purchase of a machinery, which has not been credited to electronic credit ledger during the financial years 2018-19, 2019-20 and 2020-21 -

- Ⓐ ₹ 6,30,000
- Ⓑ ₹ 3,60,000
- Ⓒ ₹ 8,00,000
- Ⓓ ₹ 2,70,000

Answer: - (d) ₹ 2,70,000

Amount of GST, not credited to electronic credit ledger (ECrL) during the financial years

| F.Y     | GST not credited          | Comment                                                                                                                                                                                                                                                                                                       |
|---------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2018-19 | NIL                       | As per rule 43                                                                                                                                                                                                                                                                                                |
| 2019-20 | 15 lac × 18% = ₹ 2,70,000 | A. Input tax in relating of CG used exclusively for Non-Bus/Exempt supply = NOT CREDITED TO ECrL - Indicate in GSTR-2 & GSTR 3B                                                                                                                                                                               |
| 2020-21 | NIL                       | B. Input tax in relation of CG used exclusively in TS & Zero Rated = CREDITED TO ECrL - Indicate in GSTR-2 & GSTR 3B<br>Since only Machine Y purchased in F.Y 2019-20 Exclusively used for manufacturing Exempted Product B. Hence credit relating to only Machine Y not credited to Electronic Credit Ledger |

## Question 5.3

Amount of ineligible ITC in respect of Machinery Y, i.e., „Tie”, as per rule 43 of the CGST Rules, 2017, to be added to the output tax liability is

- Ⓐ ₹ 4,81,000
- Ⓑ ₹ 1,89,000
- Ⓒ ₹ 81,000
- Ⓓ ₹ 72,000

Answer:- (c) ₹ 81,000

Note- As per Rule 43, Earlier CG used exclusively for Non-Bus/Exempt supply, But later on used for manufacture of taxable goods as well. (I.e. now capital goods used for taxable as well as exempt supply)

I. Common Credit = (ITC of CG) & Credited to ECrL

II. Ineligible credit for the Period during which CG used exclusively for Non Bus/Exempt supply = Tie = 5% × No. of Qtr. used exclusively for Non Bus/Exempt supply × ITC) added to output tax liability

Amount of ineligible ITC in respect of Machinery Y, i.e. „Tie’,: added to the output tax liability

| F.Y     | Capital goods                                                                                 | Provision Analysis                                                                                                                                                                                                                                   |
|---------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2019-20 | Machine Y purchased on 1st October 2019 Exclusively used for manufacturing Exempted Product B | For 2 Qtr used for Exempt supply<br>(1) Qtr 1 - Oct 19 to Dec 19. (2) Qtr 2 - Jan 20 to Mar 20                                                                                                                                                       |
| 2020-21 | Machine Y Exclusively used for manufacturing Exempted Product B                               | For 4 Qtr used for Exempt supply<br>(1) Qtr 1 - Apr 20 to June 20. (2) Qtr 2 - Jul 20 to Sep 20. (3) Qtr 3 - Oct 20 to Dec 20. (4) Qtr 4-Jan 21 to Mar 21                                                                                            |
| 2021-22 | Machine Y ( From 1/4/21 used for Exempt Product B & Taxable Product A)                        | Common credit credited to ECrL = ₹ 15,00,000 × 18% = ₹ 2,70,000<br>Amount of ineligible ITC in respect of Machinery Y, i.e., JTV<br>= 5% × 6 Qtr × ₹ 2,70,000 = ₹ 81,000<br>Note: Machine Y used for 6 qtrs for exempt supply in 2019-20 and 2020-21 |

**Question 5.4**

What is the time-period up to which common credit needs to be computed for Machinery Y?

- (A) 31st March, 2026
- (B) 30th September, 2024
- (C) 31st March, 2028
- (D) 30th September, 2028

**Answer:- (b) 30th September, 2024**

**Note:** as per rule 43, useful life of any CG = 5 years from date of invoice Hence, time-period up to which common credit needs to be computed for Machinery Y is 5 years from date of invoice (i.e 1st oct 2019) = 30th September 2024

**Question 5.5**

The amount of common credit for the month of April, 2021 is-

- (A) ₹ 2,02,500
- (B) ₹ 2,70,000
- (C) ₹ 6,30,000
- (D) ₹ 4,90,500

**Answer: - (b) ₹ 2,70,000**

|         |                                                                       |                                                                 |
|---------|-----------------------------------------------------------------------|-----------------------------------------------------------------|
| 2021-22 | Machine Y (From 1/4/21 used for Exempt Product B & Taxable Product A) | Common credit credited to ECrL = ₹ 15,00,000 × 18% = ₹ 2,70,000 |
|---------|-----------------------------------------------------------------------|-----------------------------------------------------------------|

**Question 5.6**

How is the amount of common credit attributable to exempt supplies treated under rule 43 of the CGST Rules, 2017?

- (A) It shall be added to output tax liability of Varun Associates,
- (B) It shall be reversed by Varun Associates,
- (C) 50% of common credit attributable to exempt supplies shall be reversed by Varun Associates and remaining 50% shall be added to output tax liability,
- (D) It shall lapse.

**Answer: - (a) It shall be added to output tax liability of Varun Associates.**

**Note:** As per Rule 43, Amount of Common credit (i.e Te) along with Interest during every Tax Period of Residual Life of Capital goods Added to Output tax liability.



## CASE SCENARIOS 6

M/s Gopi Narayan & Company is a partnership firm of advocates, registered under GST in Mumbai, Maharashtra. In the month of April, the firm has supplied services amounting to ₹ 15 lakh. The following information is provided in relation to the some of the services provided:

| S. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Value of service (₹) |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 1.    | Herbal Power (P) Ltd. (Registered in Telangana in the preceding financial year under section 22 of the CGST Act, 2017) Provided consultation for preparation of an affidavit in relation to construction of a hotel building in the State of Maharashtra.                                                                                                                                                                                                                                                                                                                                                                        | 50,000               |
| 2     | Veranta India (P) Ltd. (Registered in Gujarat in the preceding financial year under section 22 of the CGST Act, 2017) filed a suit in the Gujarat High Court on behalf of the company.                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2,00,000             |
| 3     | Ms. Saloni (Registered under GST as a salon service provider in Maharashtra in the preceding financial year under section 22 of the CGST Act, 2017) Service amounting to ₹ 1 lakh was provided in the month of February for which invoice was issued on 15th February. However, payment is made by the client on 5th April. The firm has charged ₹ 10,000 as penalty for delayed payment of consideration. Said penalty is also paid by the client on 5th April. Apart from this, the firm had paid ₹ 20,000 as attestation charges on behalf of the client which were reimbursed by the client in the month of February itself. | -                    |

Note: The turnover of M/s Gopi Narayan & Company in the previous financial year was ₹ 50 lakh. The firm is engaged solely in providing legal services and it does not import/export any services from/to outside India. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6.1 to 6.4 as follows:-

## Question 6.1

Whether the service provided to Veranta India (P) Ltd. is exempt under GST? If not, whether tax is payable under reverse charge?

- Ⓐ Yes, all services provided by an advocate firm are exempt from GST.
- Ⓑ No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. However, tax shall be payable by M/s Gopi Narayan & Company under forward charge.
- Ⓒ Yes, any service provided by an advocate firm to a business entity is exempt under GST.
- Ⓓ No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. Further, tax shall be payable by Veranta India (P) Ltd. under reverse charge.

**Answer: - (d)** No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. Further, tax shall be payable by Veranta India (P) Ltd. under reverse charge.

Legal Service: Entry/SI. No. 4514

| Supplier                                                                                                                                                                                           | Exempt if provided (to) -                                                                                                        | COMMENT                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| legal services Provided by a Advocate other than senior advocate /firm of advocates To BE whose Turnover in P.Y make it liable for registration = Taxable & tax payable by BE under reverse charge | A Business Entity (BE) with an aggregate turnover up to [such amount in P.Y as makes it eligible for exemption from registration | Service provided by Advocate or Firm of advocate |

## In our question

|                   |   |                                                                                                                                                           |
|-------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supplier          | = | M/s Gopi Narayan & Company registered under GST in Mumbai, Maharashtra                                                                                    |
| Recipient         | = | Veranta India (P) Ltd.(Registered in Gujarat in the preceding financial year under section 22 of the CGST Act, 2017)                                      |
| Service           | = | Legal service to business entity which is registered                                                                                                      |
| Nature of supply  | = | Inter-state supply                                                                                                                                        |
| Exemption         |   | Not available, since recipient is business entity whose aggregate turnover is more than threshold limit of registration (i.e why it is registered in P.Y) |
| Who will pay GST? |   | Veranta India (P) Ltd pay GST under reverse charge                                                                                                        |

## Question 6.2

**What shall be the time of supply for supplies made to Ms. Saloni in respect of original amount ₹ 1 lakh and penalty amount of ₹ 10,000?**

- Ⓐ For whole amount of ₹ 1,10,000: 15th February
- Ⓑ For ₹ 1 lakh: 15th February and for ₹ 10,000: 5th April
- Ⓒ For whole amount of ₹ 1,10,000: 5th April
- Ⓓ For ₹ 1 lakh: 15th April and for ₹ 10,000: 5th April

**Answer: - (c) For whole amount of ₹ 1,10,000: 5th April**

|                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As per sec 13(3), in case of reverse charge, Time of supply shall be For ₹ 1 lakh</p> <p>a) Date of payment (i.e. 5 Apr 2021)</p> <p>b) 61st day from Supplier Date of Invoice [ 15th Feb + 61 days = 17 Apr 2021]</p> <p>Whichever is earlier</p> <p>Note- DOP = ( BE or Dr in Bank) w.i.earlier</p> <p>Hence time of supply for ₹ 1 lakh shall be 5th April 2021</p> | <p>As per Sec 13(6) -</p> <p>For Int.Late Fee or Penalty for delay of consideration TOS = Date of Receipt of Int./Late Fee etc.</p> <p>Hence for ₹ 10,000, Time of supply = 5th April 2021</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Question 6.3

**What shall be the value of supply provided to Ms. Saloni in terms of section 15 of the CGST Act, 2017?**

- Ⓐ ₹ 110,000
- Ⓑ ₹ 100,000
- Ⓒ ₹ 130,000
- Ⓓ ₹ 120,000

**Answer:-(a) ₹ 110,000**

15(1): Value of taxable supply = Transaction Value,

Further as per Sec 15(2) (d) Interest or late fee or penalty for delayed payment is included in value

Hence Value of Supply = ₹ 1,00,000 + ₹ 10,000 = ₹ 1,10,000

## Question 6.4

**Which of the following statements is/are correct in law?**

- a) M/s Gopi Narayan & Company is eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.
- b) M/s Gopi Narayan & Company is not eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.
- c) M/s Gopi Narayan & Company is eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.
- d) M/s Gopi Narayan & Company is not eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.

- (A) (i)  
 (B) (i) and (iv)  
 (C) (ii) and (iv)  
 (D) (ii) and (iii)

**Answer:- (c) (ii) and (iv)**

As per sec 10(1) & (2), only Restaurant service provider is eligible for composition scheme. Hence legal service provider M/s Gopi Narayan & Company is not eligible to opt for composition levy under sec 10(1) & (2). As per sec 10(2A), other service provider can claim composition scheme but subject to condition that aggregate turnover in P.Y not exceed ₹ 50,00,000. Further there is a condition that he should not make inter-state supply. But in our case M/s Gopi Narayan & Company is making inter-state supply to M/s Veranta India (P) Ltd. Hence, Gopi Narayan & Company is not eligible to opt for composition levy under sec 10(2A) also.

#### CASE SCENARIOS 7

Jain Bhagwan (P) Ltd. deals in supply of air conditioners (ACs). It also undertakes installation of ACs at the premises of the client. The company has provided the following details for the month of February

| Date          | Transaction                                                                                                                                                                                                                                                                                   |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2nd February  | Supply and installation of 10 ACs at the newly established office of M/s Ram Mohan & Associates, a CA firm, registered under GST in New Delhi. The company charged ₹ 21,000 per AC from the CA firm.                                                                                          |
| 15th February | Service of installation of 15 ACs at Mr. Varun's Mansion in Chandigarh. Mr. Varun is an individual and is unregistered. The company has charged ₹ 2,000 per installation. The company forgot to issue the invoice for the service. However, payment was received in advance on 13th February. |
| 20th February | Received advance of ₹ 2,00,000 from Sunshine Ltd. for installation of AC at its factory in Bawana, Delhi on 28th February. The invoice is issued on the date of provision of service, i.e., on 28th February. The client is registered under GST in New Delhi.                                |

Other relevant information:

1. Standard price charged:

Air Conditioner: ₹ 20,000 per piece

2. Service of installation of air conditioner: ₹ 2,000 per installation AC + Installation: ₹ 21,000 per piece

| Date of transaction       | Applicable rate of GST on supply of air conditioner | Applicable rate of GST on supply of service of installation of air conditioner |
|---------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------|
| Before 22nd February      | 18%                                                 | 5%                                                                             |
| On or after 22nd February | 12%                                                 | 12%                                                                            |

3. Jain Bhagwan (P) Ltd. is registered under GST in Delhi.

4. One order for supply of 100 ACs in Hongkong has been received by the company. The company is unable to determine the time and value of supply for this supply.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. to 7.4. as follows:-

#### Question 7.1

What rate of tax should the company charge on supply made to M/s Ram Mohan & Associates?

- (A) 18%  
 (B) 5%  
 (C) 18% on AC value and 5% on installation value  
 (D) 12%

Answer: - (a) 18%

| Composite supply: 2(30)                                                                                                                                                                                                                                                                                                                         | Analysis                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Consist of 2 or more taxable supplies of goods/ service/ both</li> <li>Naturally bundled and</li> <li>Supplied In conjunction with each other in ordinary course of business</li> <li>One of which is principal supply</li> <li>As per Sec 8: Tax liability shall be rate of principal supply</li> </ul> | <p>In our question<br/>Supply of air conditioner =Principal supply<br/>Installation service = Ancillary Supply<br/>Hence it is composite supply</p> <p>As per sec 8: Rate of Principal supply i.e 18% taken</p> |

### Question 7.2

What is the time of supply of service provided to Mr. Varun?

- (A) 15th February  
 (B) 16th February  
 (C) 13th February  
 (D) 14th February

Answer:- (c) 13th February

Note: as per sec 13, if Invoice not issued within time limit under Sec 31. then Time of supply shall be: Date of provision of service (15th February) or Date of payment (i.e 13th February), Whichever is earlier = 13th February

### Question 7.3

Sunshine Ltd. contended that GST should be charged @ 12% since supply is made after change in rate of tax. Advise whether the contention of Sunshine Ltd. is valid as per GST law.

- (A) No. Since payment has been received before the change in rate of tax, old rate shall be applicable.  
 (B) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.  
 (C) No. Since time of supply shall be earlier of date of receipt of payment and date of issue of invoice, old rate shall be applicable.  
 (D) Yes. Since provision of service is after change in rate of tax, new rate shall be applicable. Date of invoice is not relevant.

Answer:- (b) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.

|                                                        |        |
|--------------------------------------------------------|--------|
| Date of change in rate of GST                          | 22 Feb |
| Service of installation of ACs on                      | 28 Feb |
| Hence, service is provided after change in Rate of GST |        |

As per sec 14, Time of supply where service SUPPLIED after CHANGE IN RATE OF GST

If payment Received before but INVOICE ISSUED after change in rate of tax-, Time of supply = Date of invoice

|                                                  |          |
|--------------------------------------------------|----------|
| Payment received on                              | 20th Feb |
| Date of provision of service and date of invoice | 28th Feb |

Since payment received on 20th Feb (before change in rate of GST), but invoice issued after change in rate of Tax (i.e., 28 Feb),

TOS = date of invoice (i.e., 28 Feb), hence Rate of GST @ 12% is applicable.

Note: In the table, for sunshine ltd. date specified is 20th February. But for advance received date, it is specified as 28th February. We have assumed payment received date is 20th February to apply sec 14.

Even If we don't assume this way, still the answer remain same.



## Question 7.4

Since Jain Bhagwan (P) Ltd. is unable to determine the time and value of supply of air conditioners to be supplied in Hongkong, it decides to seek the advance ruling in the given case. Which of the following statements are true in this regard?

- Ⓐ Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).
- Ⓑ Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time of supply of air conditioners, but advance ruling cannot be sought for determining the value of supply of air conditioners. Order of AAR is final and cannot be appealed against.
- Ⓒ Jain Bhagwan (P) Ltd. cannot seek advance ruling to determine the time and value of supply of air conditioners.
- Ⓓ Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. Order of AAR is final and cannot be appealed against.

(a) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).

Note: As per Sec 97(2): Matters/Que for which advance ruling can be made includes question of - determination of time & value of supply of goods/service or both

Further as per Sec 100 - Appeal to Appellate authority:

|                                                                           |                                                                |
|---------------------------------------------------------------------------|----------------------------------------------------------------|
| Assessee can file appeal to Appellate Authority for Advance Ruling (AAAR) | If aggrieved by decision of Authority for Advance Ruling (AAR) |
|---------------------------------------------------------------------------|----------------------------------------------------------------|

## CASE SCENARIOS 8

Bright Public School, New Delhi, under the aegis of Bright Minds Society, has provided/received following services/supplies in the month of March:

1. Provided transportation services to its students, teachers and other staff for commuting to and from school. Such transportation services are provided to Bright Public School by Ambaji Transporters. An amount of ₹ 1,500 per month is charged from students whereas such services are provided free of cost to teachers and other staff, being part of their employment contract. Consolidated amount of ₹ 2 lakh per month is paid to Ambaji Transporters.
2. It conducted entrance examination for students of Class 11 for upcoming academic year. It charged entrance fee of ₹ 1,000 from external students and nominal entrance fee of ₹ 200 was charged from internal students at school. A total of 2000 students gave entrance exam out of which 1000 were internal students.
3. The school was an examination centre for Class XII Examination conducted on 27th March. A sum of ₹ 15,000 was received from the Central Board of Secondary Education (CBSE) for hosting the examination in school premises.
4. Bright Public School also provides boarding and lodging facilities to its students belonging to other cities of India. A consolidated amount of ₹ 1,75,000 per annum is charged per student as a consideration for educational services as well as for services of boarding and lodging provided to them.

Note: The above amounts are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 8.1. to 8.5:-

**N O T E S**

## Question 8.1

Choose the most appropriate option in relation to service of transportation of students, teachers and other staff provided by Bright Public School:

- Ⓐ The amount of ₹ 1,500 charged per student is a supply in terms of section 7 of the CGST Act, 2017 and GST is payable on the same.
- Ⓑ The transportation services provided to students, teachers, other staff is exempt from GST.
- Ⓒ The transportation services provided to students is not a supply as it has been specifically exempted from GST under section 11 of the CGST Act, 2017.
- Ⓓ Transportation services provided to teachers and staff are exempt from GST. However, since ₹ 1,500 is being charged from students for their transportation, it is not an exempt supply and GST is payable on the same.

**Answer:- (b)** The transportation services provided to students, teachers, other staff is exempt from GST.

| Service                                               | Amount charged       | Supply or not                                 | Exemption                                                                                                    |
|-------------------------------------------------------|----------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Service of transportation to students                 | 1500 p.m per student | Supply                                        | Entry 66: any Services provided - by an educational institution to its students, faculty and staff is exempt |
| Service of transportation to teachers and other staff | Free of cost         | Not supply, since part of employment contract | No need for exemption                                                                                        |

## Question 8.2

Choose the most appropriate option in relation to entrance fee charged by Bright Public School from the students:

- Ⓐ No GST is leviable on entrance fee charged from internal students. However, GST is payable by school on entrance fee charged from outside students as it is a service in relation to entrance examination provided to outsiders who are not students of school and therefore, supply is not eligible for exemption.
- Ⓑ GST is payable on whole of the consideration received from students (internal and external both) as only services provided to educational institution relating to admission or conduct of examination are exempt and not the services provided by educational institution for conduction examination.
- Ⓒ No GST is payable on consideration of ₹ 12,00,000 received from students in the form of entrance exam fee as such amount is exempt from GST. However, it still qualifies to be a supply as per the CGST Act, 2017 and needs to be reported in the return for the month of May as exempt supply.
- Ⓓ Since, entrance exam fee is received for admission to the upcoming academic session, the amount of consideration needs to be amortized over the year and value of such supply would be reported in the respective month as nil rated supply.

**Answer: (c)** No GST is payable on consideration of ₹ 12,00,000 received from students in the form of entrance exam fee as such amount is exempt from GST. However, it still qualifies to be a supply as per the CGST Act, 2017 and needs to be reported in the return for the month of May as exempt supply.

**Entry 66(aa):** Services provided - by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee is exempt

| Service                                    | Amount charged              | Supply or not                                                                              | Exempt or not                     |
|--------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------|-----------------------------------|
| Entrance examination for internal students | 1000 Student x 200 = 2 lakh | = supply, since as per sec 7(1) (a), supply includes all forms of supply for consideration | Exempt under Entry 66 (a) or (aa) |
| Entrance                                   |                             |                                                                                            |                                   |

|                                   |                               |                                                                                            |                            |
|-----------------------------------|-------------------------------|--------------------------------------------------------------------------------------------|----------------------------|
| examination for External students | 1000 Student x 1000 = 10 lakh | = supply, since as per sec 7(1) (a), supply includes all forms of supply for consideration | Exempt under Entry 66 (aa) |
|-----------------------------------|-------------------------------|--------------------------------------------------------------------------------------------|----------------------------|

**Question 8.3**

**Choose the most appropriate option in relation to Bright Public School being an examination centre for conducting conduct of Class XII examination:**

- Ⓐ It is not an exempt supply under section 11 of the CGST Act, 2017 as services are provided to CBSE which is not an educational institution (but a governing body) as per the provisions of the Act.
- Ⓑ It is an exempt supply under section 11 of the CGST Act, 2017 as CBSE is treated as educational institution for the limited purpose of providing services by way of conduct of examination to the students.
- Ⓒ It is not an exempt supply under section 11 of the CGST Act, 2017 as only those services provided by an educational institute by way of conduct of examination are exempt which are provided against consideration in the form of entrance fee.
- Ⓓ There is no exemption for services provided by an educational institution for conduct of examination.

**Answer:- (b)** It is an exempt supply under section 11 of the CGST Act, 2017 as CBSE is treated as educational institution for the limited purpose of providing services by way of conduct of examination to the students. Entry 66:

Services provided, by any person by way of, services relating to admission to, or conduct of examination by, such institution is exempt

It is important to note that the Central and State Educational Boards shall be treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students

**Question 8.4**

**Choose the most appropriate option in relation to boarding and lodging facilities provided by Bright Public School in addition to educational services and consideration charged thereto:**

- Ⓐ It is a composite supply where the principal supply is educational services. Since the principal supply is exempt, the entire consideration of ₹ 1,75,000 is also exempt from tax.
- Ⓑ It is a composite supply where the principal supply is that of boarding and lodging services and educational services are incidental to boarding and lodging services. Therefore, the tax is payable at the rate applicable to principal supply, i.e., boarding and lodging services.
- Ⓒ It is a mixed supply where educational services and boarding and lodging services are independent of each other. Therefore, the tax is payable at the highest rate of tax applicable among these supplies.
- Ⓓ It is a mixed supply where educational services and boarding and lodging services are independent of each other. Since educational services are exempt, the tax is payable at the rate of tax applicable on boarding and lodging services.

**Answer: - (a)** It is a composite supply where the principal supply is educational services. Since the principal supply is exempt, the entire consideration of ₹ 1,75,000 is also exempt from tax.

| Composite supply: 2(30)                                                      | Analysis                                                                                                                                             |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| • Consists of 2 or more taxable supplies of goods/ service/ both             | In our question<br>Educational services = Principal supply<br>boarding and lodging facilities = Ancillary Supply<br><br>Hence it is composite supply |
| • Naturally bundled and                                                      |                                                                                                                                                      |
| • Supplied In conjunction with each other in the ordinary course of business |                                                                                                                                                      |
| • One of which is principal supply                                           |                                                                                                                                                      |
| Example: Charger supplied along with mobile phones                           |                                                                                                                                                      |
| As per Sec 8: Tax liability shall be rate of principal supply                | As per sec 8: Rate of Principal supply i.e Nil Since education service is exempt under Entry 66                                                      |

## Question 8.5

Choose the most appropriate option in relation to supply of service by Ambaji Transporters to Bright Public School:

- Ⓐ GST is payable on the services provided by Ambaji Transporters as they are covered under section 9(3) of the CGST Act, 2017 which includes services by a transporter.
- Ⓑ GST is not payable on the services provided by Ambaji Transporters as services provided by it do not qualify as supply under the CGST Act, 2017.
- Ⓒ GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. However, section 9(3) of the CGST Act, 2017 overrides all other provisions of the CGST Act, 2017 which are contrary to it, thereby making Ambaji Transporter liable to pay GST.
- Ⓓ GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. Tax is not payable on reverse charge basis on the same under section 9(3) of the CGST Act, 2017.

**Answer:-** (d) GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. Tax is not payable on reverse charge basis on the same under section 9(3) of the CGST Act, 2017.

|                                                |                                                                                                       |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Services provided, by any person by way of,-   |                                                                                                       |
| Transportation of students, faculty and staff; | Exempt, if supplied to pre-school education and education up to higher secondary school or equivalent |

Since Bright Public School is providing education up to higher secondary school or equivalent. Hence services provided by Ambaji Transporters to Bright Public School is exempt.

Further, since no tax payable. No question of reverse charge u/s 9(3)

## CASE SCENARIOS 9

M/s Harimukund Hardwares, a partnership firm registered under GST in the State of Uttar Pradesh, is engaged in the supply of door and window fittings across India. In the month of October, it made following outward supplies:

| Name of Receiver (State)                        | Taxable value (₹) | Date of invoice | Date of receipt of payment | Date of removal of goods |
|-------------------------------------------------|-------------------|-----------------|----------------------------|--------------------------|
| M/s Nand Kishore Traders (Haryana)              | 5,75,000          | 10th October    | 25th October               | 10th October             |
| M/s Charanjot Hardwares & Fitters (Punjab)      | 3,25,000          | 12th October    | 10th November              | 10th October             |
| M/s Rana Singh Ji Hardware Products (Rajasthan) | 2,70,000          | 17th October    | 12th October               | 20th October             |
| M/s Annapurai Hardwares (Karnataka)             | 3,75,000          | 18th October    | 29th November              | 19th October             |

The applicable tax rate on supply of above goods is 18%. Goods are generally received by parties in Punjab, Haryana & Rajasthan on 2nd day from the date of removal whereas it takes 5 days to reach Karnataka.



M/s Harimukund Hardwares gives 2% cash discount to its customers wherever the payment is received in advance or within 15 days of the date of removal of goods and the respective credit note is also issued immediately. The buyer also takes the necessary legal action with respect to such credit note immediately. To supply such goods, it received services from a local transporter namely, M/s Khatushyam Transporters (unregistered), who raised consolidated invoice for ₹ 1,00,000 on 22nd October for which payment was made on 27th December along with payment for the month of November.

Applicable tax rate on transport services is CGST @ 2.5% and SGST @ 2.5%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 9.1. to 9.5.

#### Question 9.1

What is the time of supply of goods in case of goods supplied to M/s Charanjot Hardwares & Fitters?

- Ⓐ 12th October
- Ⓑ 10th October
- Ⓒ 10th November
- Ⓓ 14th October

**Answer:- (b) 10th October**

(i) Time Limit For Raising Invoice: Sec 31: In case of supply of Goods,

| Invoice issued Before or at time of-                                   |                                                                                                                 |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| (a) removal of goods : where the supply involves movement of goods, or | (b) delivery of goods or making available thereof to the recipient: Where supply not involves movement of goods |

Hence Invoice should be issued on 10th October

(ii) Time of supply of goods under Forward charge - Sec 12(2) + 66/2017 (Date of Invoice i.e 12th October / Last date to issue Invoice u/s 31 i.e 10th October)

Whichever is earlier

#### Question 9.2

What is the time of supply of goods in case of goods supplied to M/s Rana Singh Ji Hardware Products?

- Ⓐ 17th October
- Ⓑ 12th October
- Ⓒ 20th October
- Ⓓ 22nd October

**Answer:- (a) 17th October**

(i) Time Limit For Raising Invoice: Sec 31: In case of supply of Goods,

| Invoice issued Before or at time of-                                   |                                                                                                                 |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| (a) removal of goods : where the supply involves movement of goods, or | (b) delivery of goods or making available thereof to the recipient: Where supply not involves movement of goods |

Hence Invoice should be issued on 20th October

(ii) Time of supply of goods under Forward charge -

Sec 12(2) + 66/2017 (Date of Invoice i.e 17th October / Last date to issue Invoice u/s 31 i.e 20th October)  
Whichever is earlier

Hence time of supply is 17th October

Note: As per NN 66/2017: No GST payable at time of Advance of goods (i.e 12th October)

## Question 9.3

What is the time of supply in case of services supplied by M/s Khatushyam Transporters?

- (A) 22nd October  
(B) 27th December  
(C) 10th October, 19th October and 20th October  
(D) 22nd December

Answer:- (d) 22nd December

Date of which payment which made to supplier

61st day from date of Invoice

GST payable on advances in case of services covered under RCM.

## Question 9.4

What is the gross tax liability attributable to outward supplies of M/s Harimukund Hardwares for the month of October?

- (A) IGST = ₹ 2,75,060, CGST = Nil, SGST= Nil  
(B) IGST = ₹ 2,78,100, CGST = ₹ 2,500, SGST= ₹ 2,500  
(C) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil  
(D) IGST = ₹ 2,75,058, CGST = ₹ 2,500, SGST= ₹ 2,500

Answer: - (c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil

| M/s Harimukund Hardwares ( Registered in U.P)                           |                          |                            |                                    |                               |
|-------------------------------------------------------------------------|--------------------------|----------------------------|------------------------------------|-------------------------------|
| Name of Receiver (State)                                                | Date of removal of goods | Date of receipt of payment | Whether Discount allowed           | Net Taxable value (₹)         |
| M/s Nand Kishore Traders (Haryana)<br>[Inter-State supply]              | 10th October             | 25th October               | Yes [since payment within 15 days] | [₹ 5,75,000- 2%] = ₹ 5,63,500 |
| M/s Charanjot Hardwares & Fitters (Punjab)<br>[Inter-State supply]      | 10th October             | 10th November              | No                                 | ₹ 3,25,000                    |
| M/s Rana Singh Ji Hardware Products (Rajasthan)<br>[Inter-State supply] | 20th October             | 12th October               | Yes [since payment within 15 days] | ₹ 2,70,000- 2%= ₹ 2,64,600    |
| M/s Annapuraj Hardwares (Karnataka)<br>[Inter-State supply]             | 19th October             | 29th November              | No                                 | ₹ 3,75,000                    |
| Total value of outward Taxable Supply                                   |                          |                            |                                    | ₹ 15,28,100                   |
| IGST                                                                    |                          |                            |                                    | ₹ 2,75,058                    |

## Question 9.5

The total value of supply in the above scenario on which M/s Harimukund Hardwares is liable to pay tax is-

- (A) ₹ 16,28,100
- (B) ₹ 16,39,100
- (C) ₹ 15,45,000
- (D) ₹ 15,39,600

**Answer:- (a) ₹ 16,28,100**

Total value of supply on which M/s Harimukund Hardwares is liable to pay tax is :

|                                                                                                          |             |
|----------------------------------------------------------------------------------------------------------|-------------|
| Total value of Outward Taxable Supply on which GST Payable under forward charge [see above 9.4 Solution] | ₹ 15,28,100 |
| Total value of inward Supply on which GST Payable under reverse charge                                   | ₹ 1,00,000  |
| Total value of supply on which M/s Harimukund Hardwares is liable to pay tax is                          | ₹ 16,28,100 |

**N O T E S**

## CASE SCENARIOS 10

ABC Pvt. Ltd., a company registered under GST, manufactures products which are used in laboratories. The products are manufactured in the company's factory located in Lucknow, Uttar Pradesh and sold in various parts of Uttar Pradesh. The company also provides repair and maintenance services for its products. The details of turnover of the company are as under:

| Particulars                                    | F.Y. - 1 (₹) | F.Y.- 2 (₹) |
|------------------------------------------------|--------------|-------------|
| Turnover from supply of goods                  | 75,00,000    | 1,02,00,000 |
| Turnover from supply of services               | 7,10,000     | 9,25,000    |
| Interest income from extending loans to others | 5,25,000     | 6,26,000    |

The company procures service of M/s Ram Enterprises, a Goods Transport Agency, having its place of business in Lucknow, Uttar Pradesh, for transport of goods from its factory to customers' location. M/s Ram Enterprises prepares a regular consignment note containing the details of consignor and consignee and other prescribed details. The services provided by M/s Ram Enterprises are chargeable to tax @ 5%.

Following details are provided by ABC Pvt. Ltd. for the month of July of FY-3 (current FY):

| S.No. | Particulars                                                   | Amount (₹) |
|-------|---------------------------------------------------------------|------------|
| (i)   | Turnover of supply of goods                                   | 10,20,000  |
| (ii)  | Turnover of supply of services                                | 92,550     |
| (iii) | Interest income from extending deposit to others              | 5,000      |
| (iv)  | Amount charged for services received from M/s Ram Enterprises | 50,000     |
| (v)   | Raw material received from other States                       | 5,26,000   |
| (vi)  | input services received                                       | 7,80,900   |

Following additional information is also provided:

- The raw material received by ABC Pvt. Ltd. mentioned in point (v) above includes goods amounting to ₹ 2,26,000 received from M/s Aakash Enterprises on the instructions received from M/s Abhijaat Enterprises. M/s Aakash Enterprises has its principal place of business in Uttar Pradesh whereas M/s Abhijaat Enterprises has its principal place of business in Gujarat.
- Vidhata Foundation, a Charitable Trust, registered under section 12AA of the Income Tax Act, 1961 has been set up by the founders of ABC Pvt. Ltd. for conducting charitable activities in the State of Uttar Pradesh. The Trust organises sessions on yoga and spirituality in the State of Uttar Pradesh and charges participation fees for the same. The total fees collected from participants for the month of July of current FY is ₹ 2,50,000. The input services received by the Trust during the said month amounts to ₹ 1,25,260. The Trust is also analyzing the proposal of granting rights to ABC Pvt. Ltd. to advertise on its premises.

Following GST rates are applicable on the inward and outward supplies unless otherwise specified:

| Particulars    | CGST | SGST | IGST |
|----------------|------|------|------|
| Outward supply | 9%   | 9%   | 18%  |
| Inward supply  | 6%   | 6%   | 12%  |

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 10.1. to 10.5:-

## Question 10.1

Whether the service provided by M/s Ram Enterprises to ABC Pvt. Ltd. is chargeable to tax. If yes, who will discharge the tax liability?

- The service is chargeable to tax and M/s Ram Enterprises will bear the tax liability.
- The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.
- The service is exempt under the CGST Act, 2017.
- The service is chargeable to tax and M/s Ram Enterprises and ABC Pvt. Ltd. will discharge the tax liability in the ratio of 1:1.

Answer:- (b)

The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.

For service of transport of goods by road by Goods transport agency [GTA], who has not paid GST @ 12%,



recipient [ under specified category e.g Company ] is liable to pay GST under reverse charge.  
Hence, ABC Pvt. Ltd. Is liable to pay GST under reverse charge.

### Question 10.2

**Whether ABC Pvt. Ltd. could have opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 for current financial year?**

- Ⓐ Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year;
- Ⓑ No, it could not have opted for composition levy.
- Ⓒ Yes. However, it could have provided services up to ₹ 5,00,000 under composition levy during the current financial year;
- Ⓓ Yes. However, it could have provided services up to ₹ 11,75,100 under composition levy during the current financial year.

**Answer:-** (A) Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year; (b) No, it could not have opted for composition levy.

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |            |                                                                                                                                                                                                                                                                                                                                          |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                           | Sec 10: Composition Scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |            |                                                                                                                                                                                                                                                                                                                                          |
| Eligible person           | A Registered person whose aggregate TO in P.Y I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |            | Since ABC Pvt. Ltd, registered in U.P<br>HENCE Threshold limit for composition applicable is Rs 1.5 crore                                                                                                                                                                                                                                |
|                           | SATNUMMM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ≤75 Lakh   |                                                                                                                                                                                                                                                                                                                                          |
|                           | Other state                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | ≤1.5 Crore |                                                                                                                                                                                                                                                                                                                                          |
|                           | SATNUMMM- Sikkim, Arunachal Pradesh, Tripura, Nagaland, Uttarakhand, Manipur, Meghalaya, Mizoram,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |            |                                                                                                                                                                                                                                                                                                                                          |
| Aggregate TO/ TO in state | <p>SEC 2 (6): "Aggregate turnover" means the aggregate value of 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, to be computed on all India basis, but excludes central tax, State tax, Union territory tax, integrated tax and cess.</p> <p>Taxable Supply = Supply of goods/ services on which tax is leviable<br/>Non- taxable supply = Supply of goods/ services on which tax is not leviable<br/>Exempt Supply = Nil rated + wholly exempt + Non- taxable supply</p> <p>As per explanation to sec 10: Interest income is to be excluded while computing aggregate turnover for determining eligibility for composition scheme:<br/>Further, Eligible person can provide service of value not exceeding [10% of TIS in P.Y or Rs 5 lakh] which ever is higher.</p> |            | <p>Aggregate turnover = 1,02,00,000 + 9,25,000 = 1,11,25,000</p> <p>As per explanation to sec 10: Interest income to be excluded while computing aggregate turnover for determining eligibility for composition scheme.</p> <p>Since aggregate Turnover is less than 1.5 crore.<br/>ABC Pvt. Ltd is eligible for composition scheme.</p> |
|                           | Note: interest or discount income [exempt] on deposits, loans or advances excluded for this limit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |            | [10% of ₹ 1,11,25,000 i.e ₹ 11,12,500 or 5 lac] w.e. is higher = ₹ 11,12,500<br>ABC Pvt. Ltd can provide in current F.Y Service upto ₹ 11,12,500                                                                                                                                                                                         |

## Question 10.3

Assuming ABC Pvt. Ltd. has opted for composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017, what shall be the total GST liability of ABC Pvt. Ltd. in the State of Uttar Pradesh for the month of July?

- Ⓐ No liability, ITC of 1,56,828 will be carried forward,
- Ⓑ ₹ 45,931
- Ⓒ ₹ 13,626
- Ⓓ ₹ 2,02,759

Answer:- (c) ₹ 13,626

|                                 |                                                                                                                                                                                                            |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Explanation<br>2.<br>To sec 10— | For the purposes of determining the tax payable by a person under this section, the expression -turnover in State or turnover in Union territory shall not include the value of following supplies, namely |
|                                 | (ii) 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.]                                     |

Calculation of total GST liability of ABC Pvt. Ltd. in the State of Uttar Pradesh for the month of July:

| S.No. | Particulars                                                               | Amount (₹)    |
|-------|---------------------------------------------------------------------------|---------------|
| (i)   | Turnover of supply of goods                                               | 10,20,000     |
| (ii)  | Turnover of supply of services                                            | 92,550        |
| (iii) | Interest income from extending deposit to others                          | Not included  |
|       | Turnover in state                                                         | 11,12,550     |
|       | Composition tax@ 1%on 11,12,550                                           | 11,126(R/off) |
|       | Tax payable under reverse charge on transport service received = 50000*5% | ₹ 2,500       |
|       | Total GST liability of ABC Pvt. Ltd.                                      | ₹ 13,626      |

## Question 10.4

Which of the following statement is incorrect in case of Vidhata Foundation?

- i. Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt, they are chargeable under GST.
  - ii. All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AA of the Income-tax Act, 1961.
  - iii. Fees charged for sessions on yoga and spirituality are exempt since the objective of such programmes is advancement of yoga and spirituality.
- Ⓐ i & ii
  - Ⓑ i
  - Ⓒ iii
  - Ⓓ ii

Answer:- (d) ii

|                                                                                                                                                        |                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt, they are chargeable under GST.       | Correct: specified activities (e.g charitable activities) provided by 12AA entity is exempt. But service provided to 12AA entity in general are not exempt [ if not covered by specific entry] |
| All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AA of the Income-tax Act, 1961. | Incorrect: specified activities (e.g charitable activities) provided by 12AA entity is exempt.                                                                                                 |

|                                                                                                                                               |         |                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                               | Entry 1 | Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities. Para 2(r) -charitable activities means activities relating to                         |
|                                                                                                                                               |         | (a) public health by way of                                                                                                                                                                            |
|                                                                                                                                               |         | i. terminally ill persons or persons with severe physical or mental disability;                                                                                                                        |
|                                                                                                                                               |         | ii. persons afflicted with HIV or AIDS                                                                                                                                                                 |
|                                                                                                                                               |         | iii. persons addicted to a dependence-forming substance such as narcotics drugs or alcohol;                                                                                                            |
|                                                                                                                                               |         | (b) Public awareness of preventive health, family planning or prevention of HIV infection;                                                                                                             |
|                                                                                                                                               |         | advancement of religion, spirituality or yoga;                                                                                                                                                         |
|                                                                                                                                               |         | advancement of educational programmes or skill development relating to,-                                                                                                                               |
|                                                                                                                                               |         | a) abandoned, orphaned or homeless children;                                                                                                                                                           |
|                                                                                                                                               |         | b) physically or mentally abused and traumatized                                                                                                                                                       |
|                                                                                                                                               |         | c) prisoners; or                                                                                                                                                                                       |
|                                                                                                                                               |         | d) persons over the age of 65 years residing in a rural area;                                                                                                                                          |
|                                                                                                                                               |         | iv. preservation of environment including watershed, forests and wildlife;                                                                                                                             |
| Fees charged for sessions on yoga and spirituality are exempt since the objective of such programmes is advancement of yoga and spirituality. |         | Correct: specified activities (e.g charitable activities) provided by 12AA entity is exempt. advancement of religion, spirituality or yoga is specified as charitable activity in Entry 1 [ See above] |

## NOTES

## Question 10.5

**What shall be the place of supply (POS) for the supply transaction(s) between ABC Pvt. Ltd., M/s Abhijaat Enterprises and M/s Aakash Enterprises and the nature of tax leviable thereon?**

- Ⓐ POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of ABC Pvt. Ltd., i.e. Lucknow, Uttar Pradesh and IGST is leviable on such supply.
- Ⓑ POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Akash Enterprises, i.e. Uttar Pradesh and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and CGST and SGST are leviable on such supply.
- Ⓒ POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and CGST and SGST are leviable on such supply.
- Ⓓ POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and IGST is leviable on such supply.

Answer:- (A) POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of ABC Pvt. Ltd., i.e. Lucknow, Uttar Pradesh and IGST is leviable on such supply.

| Supply by M/s Aakash Enterprises (U.P) to M/s Abhijaat Enterprises (Gujarat)                        | Supply by M/s Abhijaat Enterprises (Gujarat) to M/s ABC Pvt. Ltd. (Lucknow - U.P)                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sec 10(1)(b) - POS = Principal place of 3rd Person i.e. (M/s Abhijaat Enterprises)<br>POS = Gujarat | Sec 10(1)(a) - POS = where movement of goods terminate for delivery to recipient (M/s ABC Pvt. Ltd)<br>POS = U.P                                                                                                                                                                                                                           |
| LOS = M/s Aakash Enterprises (U.P), POS = Gujarat                                                   | LOS = M/s Abhijaat Enterprises (Gujarat) POS = U.P                                                                                                                                                                                                                                                                                         |
| It is inter-state supply                                                                            | It is inter-state supply                                                                                                                                                                                                                                                                                                                   |
| IGST Leviable                                                                                       | IGST Leviable                                                                                                                                                                                                                                                                                                                              |
|                                                                                                     | Note: ICAI Reasoning is not correct, since sec 10(1)(a) apply, where POS = where movement of goods terminate for delivery to recipient, i.e POS = U.P<br>However ICAI applied 10(1)(b) in this case i.e. location of principal place of business of ABC Pvt. Ltd., i.e. Lucknow, Uttar Pradesh.<br>However POS = U.P in both the sections. |



## CASE SCENARIOS 11

GQF Private Limited, registered under GST in the State of Maharashtra, is engaged in manufacturing of goods which are used for further production in automobile industry. The company sends some semi-finished inputs to job workers, M/s Yamuna Enterprises and M/s Jamuna Enterprises, for necessary processing. The processed goods are sent back by the job workers to the company where they are used for manufacturing the finished products.

M/s Yamuna Enterprises has its place of business in Maharashtra. M/s Jamuna Enterprises has its place of business in the State of Madhya Pradesh viz. 35 km away from the place of business of GQF Private Limited.

The company imports some raw material and stores the same for few months in the warehouse operated by M/s Gajanan Enterprises in the State of Tamil Nadu. Later on, it is transported to the company's factory in Maharashtra. M/s Gajanan Enterprises is not registered under GST. The aggregate turnover of M/s Gajanan Enterprises for the current financial year is ₹ 18,25,000.

The company maintains all the records, documents and books of accounts at its place of business in Maharashtra.

Following are the relevant details of GQF Private Limited for the month of August.

| Particulars                                                                                 | Amount (₹) |
|---------------------------------------------------------------------------------------------|------------|
| Total turnover                                                                              | 36,00,000  |
| Total inputs received during the month                                                      | 21,12,000  |
| Total input services received during the month                                              | 8,99,000   |
| Goods sent to M/s Yamuna Enterprises during the month for job work purpose by motor vehicle | 75,000     |
| Goods sent to M/s Jamuna Enterprises during the month for job work purpose by motor vehicle | 46,800     |

Note: All afore-mentioned amounts are exclusive of GST, wherever applicable.

GQF Private Limited procures the service of M/s Speedofast Enterprises, a goods transport agency, having its place of business in Maharashtra. GQF Private Limited transports its finished goods to different customers located in the State through M/s Speedofast Enterprises. M/s Speedofast Enterprises prepares a consignment note containing the details of consignor and consignee, value of consignment, vehicle number, details of party paying the taxes etc.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 11.1 to 11.5:-

## Question 11.1

M/s Gajanan Enterprises, owner of warehouse in Tamil Nadu, wishes to know as whether it is required to obtain registration under GST to conduct its business. Which of the following statements is true in this regard?

- Ⓐ Yes, being a warehouse operator, M/s Gajanan Enterprises has to compulsorily take GST registration to conduct the business irrespective of the quantum of aggregate turnover,
- Ⓑ No, M/s Gajanan Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.
- Ⓒ M/s Gajanan Enterprises is neither required to obtain registration nor unique enrolment number under GST to conduct business,
- Ⓓ Yes, M/s Gajanan Enterprises is required to take registration compulsorily under GST. Further, it is also required to obtain a unique enrolment number under GST as its aggregate turnover is more than ₹ 10 lakh.

**Answer (b) No, M/s Gajanan Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration.** However, it is required to obtain a unique enrolment number under GST.

|           |   |                                                             |
|-----------|---|-------------------------------------------------------------|
| Supplier  | = | M/s Gajanan Enterprises in (Tamil Nadu), owner of warehouse |
| Recipient | = | GQF Private Limited, registered in Maharashtra              |
| Service   | = | Supply of warehousing service                               |

|              |   |                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                            |                                            |
|--------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| POS          | = | 12(2)                                                                                                                                                                                                                                                                                                                                                     | PLACE OF SUPPLY (POS)<br>GENERALLY (DEFAULT RULE):<br>Supply of services, except the<br>services specified in sub sections<br>(3) to (14)- |                                            |
|              |   |                                                                                                                                                                                                                                                                                                                                                           | a) made to a registered person<br>shall be the;                                                                                            | location of such<br>person                 |
|              |   |                                                                                                                                                                                                                                                                                                                                                           | b) made to any person other than<br>a registered person shall be,—<br>(i) where the address on record<br>exists; and                       | location of the<br>recipient               |
|              |   |                                                                                                                                                                                                                                                                                                                                                           | (ii) in other cases                                                                                                                        | location of<br>the supplier of<br>services |
|              |   |                                                                                                                                                                                                                                                                                                                                                           | Note: POS u/s 12(2) Will be determined only if, the POS<br>can't be determined in 12(3) to 12(14).                                         |                                            |
|              |   | Since warehousing service is not covered in Sec 12(3) to 12(14), hence<br>POS to GQF Private Limited, registered in Maharashtra = Location of<br>Registered Person (i.e Maharashtra)                                                                                                                                                                      |                                                                                                                                            |                                            |
| Registration |   | As per Sec 24 Compulsory registration irrespective of Turnover: Persons<br>making any interstate taxable supply.<br>However, threshold limit of ₹ 20 lakh (₹ 10 lakh in case of Special Category<br>States of Mizoram, Tripura, Manipur and Nagaland) is available in case<br>of inter-State supply of taxable services and of notified handicraft goods. |                                                                                                                                            |                                            |
|              |   | Since, M/s Gajanan Enterprises is engaged in supply of warehousing<br>service. Threshold limit of Rs 20 lac apply. Further Aggregate T.O =<br>₹18,25,000 in the current F.Y which is below the threshold limit. Hence<br>M/s Gajanan Enterprises is exempt from registration.                                                                             |                                                                                                                                            |                                            |
| Enrolment    |   | As per Sec 35(2) - Owner/operator of warehouse to maintain records:<br>whether he is a registered person or not, if not already registered under<br>the Act, shall obtain a unique enrolment number. Hence M/s Gajanan<br>Enterprises is required to take unique enrolment number                                                                         |                                                                                                                                            |                                            |

## Question 11.2

**GQF Private Limited is required to keep and maintain its books of accounts or other records:**

- Ⓐ For 5 years from the due date of furnishing of Annual Return for the year pertaining to such accounts and records,
- Ⓑ For 72 months from the due date of furnishing of Annual Return for the year pertaining to such accounts and records,
- Ⓒ For 72 months from the end of respective financial year,
- Ⓓ For 8 years from the end of respective financial year.

**Answer: - (b) for 72 months from the due date of furnishing of Annual Return for the year pertaining to such accounts and records.**

PERIOD OF RETENTION OF ACCOUNTS: SECTION 36

Every registered person shall retain them for 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records:

## Question 11.3

Whether GQF Private Limited is required to generate e-way bill in case of transfer of goods to M/s Jamuna Enterprises?

- Ⓐ No, as the value of the consignment is within the prescribed limit of ₹ 50,000.
- Ⓑ No, as the movement of goods is within the prescribed distance limit of 50 Kms.
- Ⓒ Yes, e-way bill is required to be generated irrespective of the value of the consignment.
- Ⓓ Yes, a registered person has to generate e-way bill for every movement of goods

**Answer: - (c) Yes, e-way bill is required to be generated irrespective of the value of the consignment.**

|                                                                                     |                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| E-way bill generation mandatory, even if value of consignment is less than ₹ 50,000 | Exceptions to minimum consignment value of ₹ 50,000:<br>a) Inter-State transfer of goods by principal to job-worker<br>b) Inter-State transfer of handicraft goods by a person exempted from obtaining registration u/s 24(i) or (ii) |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Question 11.4

M/s Speedofast Enterprises wants to transport multiple consignments in a single conveyance. These consignments are of different consignors and consignees and individual e-way bills (EWBs) with different validity periods have been generated for these consignments. Can M/s Speedofast Enterprises generate one consolidated e-way bill for such multiple consignments?

- Ⓐ No, M/s Speedofast Enterprises cannot generate a consolidated e-way bill containing the details of different EWBs since all the EWBs have different validity periods.
- Ⓑ Yes, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and even if it is transporting consignments of different consignors and consignees in a single conveyance.
- Ⓒ No, M/s Speedofast Enterprises cannot generate a consolidated e-way bill since it is transporting consignments of different consignors and consignees in a single conveyance.
- Ⓓ There are no provisions to generate a consolidated e-way bill under the GST law.

**Answer: - (b) Yes, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and even if it is transporting consignments of different consignors and consignees in a single conveyance.**

|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consolidated E-way Bill in case of road transport [Rule 138(7)] | After e-way bill has been generated, where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in Form GST EWB-02 may be generated by him on the said common portal prior to the movement of goods. |
| Who can generate the consolidated e-way bill?                   | A transporter can generate the consolidated e-way bills for movement of multiple consignments in one vehicle.                                                                                                                                                                                                                                                                                         |
| What is the validity of consolidated e-way bill?                | Consolidated EWB is like a trip sheet and it contains details of different EWBs in respect of various consignments being transported in one vehicle and these EWBs will have different validity periods.                                                                                                                                                                                              |

Hence, Consolidated EWB does not have any independent validity period. However, individual consignment specified in the Consolidated EWB should reach the destination as per the validity period of the individual EWB.

### Question 11.5

M/s Speedofast Enterprises wants to update Part B of the e-way Bill. Can it update the same? If yes, then within what time span is it required to do so?

- Ⓐ Yes, within 15 days from the generation of unique e-way bill number
- Ⓑ Yes, within 24 hours from the generation of the unique eway bill number
- Ⓒ Yes, within 7 days from the generation of the unique eway bill number
- Ⓓ No, once unique e-way bill is generated, Part B of the same cannot be updated.

**Answer: - (a) Yes, within 15 days from the generation of unique e-way bill number**

Note:

Part A valid for 15 days. It means entry in part B made within 15 days. [138(9) Proviso)]

### CASE SCENARIOS 12

GSP Pvt. Ltd. has started its business in the month of August. It is engaged in supply of machines required for various industries along with related services. The machines are assembled and installed at the customer's premises. It has its head office in Mumbai, Maharashtra and branches in the States of Delhi, Karnataka, Madhya Pradesh, Uttarakhand and Tamil Nadu.

The turnover of GSP Pvt. Ltd. in the month of August is as under:

| State          | Intra-State taxable supplies (value exclusive of taxes) | Value of inward supplies on which reverse charge mechanism is applicable |
|----------------|---------------------------------------------------------|--------------------------------------------------------------------------|
| Maharashtra    | ₹ 2,44,000                                              | ₹ 1,06,000                                                               |
| Delhi          | ₹ 3,65,560                                              | ₹ 1,50,690                                                               |
| Karnataka      | ₹ 3,60,480                                              | ₹ 1,01,250                                                               |
| Madhya Pradesh |                                                         |                                                                          |
| Uttarakhand    | ₹ 4,83,440                                              | ₹ 1,40,220                                                               |
| Tamil Nadu     | ₹ 3,10,600                                              | ₹ 95,500                                                                 |
|                | ₹ 2,09,560                                              | ₹ 80,560                                                                 |

The following details for the month of December are provided by GSP Pvt. Ltd.

| State          | Taxable value of supply of machinery | Taxable value of installation service | Taxable value of inputs | Taxable value of input services |
|----------------|--------------------------------------|---------------------------------------|-------------------------|---------------------------------|
| Maharashtra    | ₹ 25,00,000                          | ₹ 3,00,000                            | ₹ 9,80,000              | ₹ 5,60,000                      |
| Delhi          | ₹ 20,00,000                          | ₹ 2,40,000                            | ₹ 7,84,000              | ₹ 4,48,000                      |
| Karnataka      | ₹ 19,00,000                          | ₹ 2,28,000                            | ₹ 7,44,800              | ₹ 4,25,600                      |
| Madhya Pradesh | ₹ 22,50,000                          | ₹ 2,70,000                            | ₹ 8,82,000              | ₹ 5,04,000                      |
| Uttarakhand    | ₹ 12,20,000                          | ₹ 1,46,400                            | ₹ 4,78,240              | ₹ 2,73,280                      |
| Tamil Nadu     | ₹ 24,20,000                          | ₹ 2,90,400                            | ₹ 9,48,640              | ₹ 5,42,080                      |

Notes:

- Applicable rates of GST are as follows:



| Particulars                            | CGST | SGST | IGST |
|----------------------------------------|------|------|------|
| Outward supply of machinery            | 9%   | 9%   | 18%  |
| Outward supply of installation service | 9%   | 9%   | 18%  |
| Inward supply of goods                 | 6%   | 6%   | 12%  |
| Inward supply of services              | 9%   | 9%   | 18%  |

2. All the above transactions are exclusive of GST, wherever applicable.

3. There is no other inward or outward supply transaction for GSP Pvt. Ltd. in the relevant months apart from the aforementioned transactions.

4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 12.1 to 12.5

#### Question 12.1

**Whether GSP Pvt. Ltd. is required to take registration under GST in the month of August? What is the threshold limit of turnover for GSP Pvt. Ltd. to obtain registration?**

- Ⓐ Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 20,00,000.
- Ⓑ Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective the quantum of its aggregate turnover.
- Ⓒ No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration in Uttarakhand is ₹ 10,00,000 and for other States /Union Territories (where it has operations) is ₹ 20,00,000.
- Ⓓ Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 40,00,000.

**Answer:- (b) Yes.** Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective the quantum of its aggregate turnover.

- 1) Sec 2(6): Aggregate T.O = All taxable supplies + exempt supplies + exports of goods and/or services + inter-State supplies of a person having the same PAN, to be computed on all India basis and Less CGST/SGST/ UTGST/IGST/GST Comp, cess
- 2) ATO exclude inward supplies on which tax is payable under reverse charge: Aggregate Turnover = ₹ 2,44,000 + ₹ 3,65,560 + ₹ 3,60,480 + ₹ 4,83,440 + ₹ 3,10,600 + ₹ 2,09,560 = ₹ 19,73,640
- 3) As per Sec 24 Compulsory registration irrespective of Turnover: Persons who are required to pay tax under reverse charge Since, M/s GSP Pvt. Ltd. Is receiving inward supplies on which reverse charge mechanism is applicable. Hence it is liable to obtain compulsory registration irrespective the quantum of its aggregate turnover.

#### Question 12.2

**Assuming that GSP Pvt. Ltd. also has a branch in the State of Tripura with turnover of intra-state taxable supplies of ₹ 11,20,250 in the month of August, state whether the company is required to take registration in the said month? What will be the threshold limit of turnover for GSP Pvt. Ltd. to obtain registration now?**

- Ⓐ Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective of its turnover.
- Ⓑ No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 10,00,000.
- Ⓒ Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 20,00,000.
- Ⓓ No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration in Tripura is ₹ 10,00,000 and for other States/Union Territories (where it has operations) is ₹ 20,00,000.

**Answer (a) Yes.** Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective of its turnover.

As per Sec 24 Compulsory registration irrespective of Turnover: Persons who are required to pay tax under reverse charge

Since, M/s GSP Pvt. Ltd. Is receiving inward supplies on which reverse charge mechanism is applicable. Hence it is liable to obtain compulsory registration irrespective the quantum of its aggregate turnover.

## Question 12.3

What shall be the net GST payable for the month of December in the State of Maharashtra provided the machinery has been installed at customer's site at Kanpur (U.P.) and the parts of the machinery are manufactured at factory located in Mumbai and dispatched from Mumbai, Maharashtra? Assume that all inputs and input services are procured from within the State. The invoice is raised by Mumbai Branch of GSP Pvt. Ltd

- (A) IGST ₹ 2,85,600  
 (B) CGST ₹ 1,42,800 & SGST ₹ 1,42,800  
 (C) IGST ₹ 5,04,000  
 (D) IGST ₹ 1,42,800

Answer: - a) IGST ₹ 2,85,600.

|                  |   |                                                                                                                          |                                                                         |
|------------------|---|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| LOS              | = | Mumbai Branch of GSP Pvt. Ltd. (Maharashtra), Since parts of the machinery removed from factory located in Mumbai        |                                                                         |
| Supply           | = | Supply of machine (goods) with installation                                                                              |                                                                         |
| POS              |   | As per sec 10(1)(d) of IGST Act, where Goods are assembled or installed at site                                          |                                                                         |
|                  |   | POS = PLACE WHERE GOODS are ASSEMBLED or INSTALLED                                                                       |                                                                         |
|                  |   | Hence POS = Kanpur(U.P)                                                                                                  |                                                                         |
| Nature of supply | = | It is inter-state supply                                                                                                 |                                                                         |
| Rate of GST      |   | Composite supply: 2(30)                                                                                                  |                                                                         |
|                  |   | <ul style="list-style-type: none"> <li>Consist of 2 or more taxable supplies of goods/ service/ both</li> </ul>          | In our question<br>Supply of machine = Principal supply                 |
|                  |   | <ul style="list-style-type: none"> <li>Naturally bundled and</li> </ul>                                                  | Installation service = Ancillary Supply<br>Hence it is composite supply |
|                  |   | <ul style="list-style-type: none"> <li>supplied In conjunction with each other in ordinary course of business</li> </ul> |                                                                         |
|                  |   | <ul style="list-style-type: none"> <li>One of which is principal supply</li> </ul>                                       |                                                                         |
|                  |   | <ul style="list-style-type: none"> <li>As per Sec 8: Tax liability shall be rate of principal supply</li> </ul>          | As per sec 8: Rate of Principal supply i.e. 18%                         |

**N O T E S**

Net GST payable for the month of December in the State of Maharashtra:

| Particulars                                                                             | IGST       | CGST | SGST | Total      |
|-----------------------------------------------------------------------------------------|------------|------|------|------------|
| GST liability under Forward charge                                                      | ₹ 5,04,000 | -    | -    | ₹ 5,04,000 |
| GST payable.<br>IGST on<br>₹ 28,00,000<br>[₹ 28,00,000<br>× 18%] =<br>₹ 5,04,000        |            |      |      |            |
| Less: ITC (CGST & SGST)                                                                 |            | -    | -    | ₹ 2,85,600 |
| [ITC of CGST shall be utilized first for payment of CGST and then, for payment of IGST] | (1,09,200) |      |      |            |
| GST Payable under forward charge                                                        | ₹ 2,85,600 | Nil  | Nil  | ₹ 2,85,600 |

Calculation of input tax credit:

| Particulars                                                       | IGST | CGST       | SGST       |
|-------------------------------------------------------------------|------|------------|------------|
| Inward supply of input [Intra-state]<br>[₹ 9,80,000 × 6%]         | -    | ₹ 58,800   | ₹ 58,800   |
| Inward supply of input service [Intra-state]<br>[₹ 5,60,000 × 9%] | -    | ₹ 50,400   | ₹ 50,400   |
| Total input tax credit                                            | -    | ₹ 1,09,200 | ₹ 1,09,200 |

#### Question 12.4

The supply of machinery and supply of service of installation of machinery is a \_\_\_\_\_ supply and the applicable tax rate shall be the rate of tax applicable on \_\_\_\_\_

- Ⓐ mixed, principal supply
- Ⓑ mixed, supply having highest volume
- Ⓒ composite, principal supply
- Ⓓ composite, supply having highest rate

**Answer: - (c) composite, principal supply**

| Composite supply: 2(30)                                                | Analysis                                                                                                                           |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Consist of 2 or more taxable supplies of goods/ service/ both          | In our question<br>Supply of machine = Principal supply<br>Installation service = Ancillary Supply<br>Hence it is composite supply |
| Naturally bundled and                                                  |                                                                                                                                    |
| supplied In conjunction with each other in ordinary course of business |                                                                                                                                    |
| One of which is principal supply                                       | As per sec 8: Rate of Principal supply i.e 18%                                                                                     |

## Question 12.5

GSP Pvt. Ltd. has received an order for supply of machinery from Auto Wheels Pvt. Ltd. GSP Pvt. Ltd. has delivered the parts manufactured at factory located in Mumbai and installed the same at the site of Auto Wheels Pvt. Ltd. which is located in Madhya Pradesh. Mumbai Branch of GSP Pvt. Ltd. has raised an invoice on the registered office of Auto Wheels Pvt. Ltd. which is located in Mumbai, Maharashtra. What shall be the place of supply (POS) of the transaction and the type of GST to be charged?

- Ⓐ POS - Maharashtra, IGST
- Ⓑ POS - Madhya Pradesh, IGST
- Ⓒ POS - Maharashtra, CGST & SGST
- Ⓓ POS - Madhya Pradesh, CGST & SGST

**Answer:- (b) POS - Madhya Pradesh, IGST.**

|                  |   |                                                                                                                   |
|------------------|---|-------------------------------------------------------------------------------------------------------------------|
| LOS              | = | Mumbai Branch of GSP Pvt. Ltd. (Maharashtra), Since parts of the machinery removed from factory located in Mumbai |
| Supply           | = | Supply of machine (goods) with installation                                                                       |
| POS              | = | As per sed 10(1)(d) Of IGST Act, where Goods are assembled or installed at site                                   |
|                  |   | POS = PLACE WHERE GOODS are ASSEMBLED or INSTALLED                                                                |
|                  |   | Hence POS = Madhya Pradesh                                                                                        |
| Nature of supply | = | It is inter-state supply                                                                                          |

**N O T E S**



## CASE SCENARIOS 13

XYZ Logistics Limited (XLL) is into warehousing and logistics business. It has two Container Freight Stations (CFS): one at Inland Container Depot (ICD) Dadri, Uttar Pradesh and other at ICD Tughlakabad, Delhi. XLL is also engaged in the business of freight forwarding and multimodal transportation. Intermittently, XLL also deals in trading of goods, primarily in export to countries outside India.

XLL started its operations on 30th June by setting up head/ corporate office in Gurgaon, Haryana and two CFS at U.P. and Delhi. Services as well as invoicing to customers was done from Delhi and U P. unit only. Top management was placed at the head office for the management of the company. The aggregate turnover of the XLL's Delhi unit crossed ₹ 20 lakh on 31st October. It applied for GST registration for Delhi on 25th November. Registration was granted on 7th December. GST in respect of stock of goods at Delhi as on 30th October was ₹ 50 lakh, on 25th November was ₹ 40 lakh and on 7th December was ₹ 20 lakh.

The primary business of XLL is container handling service of import/export containers. In July next year, a shipper placed a work order on XLL for handling of an export container from ICD Tughlakabad to Dubai UAE, through Nhava Sheva seaport in Mumbai. XLL was responsible for stuffing goods in containers at ICD, assisting in obtaining customs clearance, and transportation of goods from ICD to seaport. XLL requested the customer to issue e-way bill for the movement of customs sealed containers from ICD to seaport as the value of goods in container exceeded ₹ 50,000. However, the customer denied issuing e-way bill stating that the responsibility to issue the same is on the person who arranges the transport of goods. Consequently, the management of XLL issued e-way bill with the assistance of a consultant.

There is a green cess that is applicable on the goods handled through CFS for exports outside India. XLL as a policy deposits green cess with the Government in the name of the customer and recovers such cess at actuals from the customer.

Few customers of XLL are based out of Nepal & Bhutan. It provides container handling services for their containers/ cargo which are in transit to Nepal or Bhutan. It receives consideration from Nepal/ Bhutan customers in INR (₹).

All the above amounts are exclusive of GST, wherever applicable. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 13.1. to 13.5:-

## Question 13.1

Which of the following statements is correct regarding eligibility of ITC on opening stock at the time of new registration?

- Ⓐ XLL can avail credit of ₹ 50 lakh,
- Ⓑ XLL can avail credit of ₹ 40 lakh.
- Ⓒ XLL can avail credit of ₹ 20 lakh,
- Ⓓ XLL cannot avail credit on opening stock.

Answer: - (a) XLL can avail credit of ₹ 50 lakh.

| Sec18(1)(a): Person applying for registration within 30 days of becoming liable for registration- |                                                                                                                               |                                                                                                                      |
|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| 1. Inputs as such held in stock                                                                   | On the day immediately preceding the date from which he becomes liable to pay tax.<br>[Note: if apply after 30 days = No ITC] | i. Aggregate turnover of Delhi unit crossed ₹ 20 lakh on 31 Oct.                                                     |
| 2. Inputs contained in semifinished goods held in stock                                           |                                                                                                                               | ii. Since, XYZ Logistics Limited (XLL) is supplier of services, hence threshold limit for registration is ₹ 20 lakh. |
| 3. Inputs contained in finished goods held in stock                                               |                                                                                                                               | iii. Date of liable for registration = when cross ₹ 20 lac i.e. 31st October                                         |
|                                                                                                   |                                                                                                                               | iv. Hence credit of stock as on 30th October is available i.e. ₹ 50 lac.                                             |

**Question 13.2**

Which of the following statements is correct regarding GST registration by XLL?

- (A) XLL was liable for registration of only Delhi unit,
- (B) XLL was liable for registration of Delhi and UP units,
- (C) XLL was liable for registration of Delhi, UP and Haryana units,
- (D) XLL was liable for normal registration at Delhi and UP unit, and ISD registration at Haryana unit.

Answer: - (c) XLL was liable for registration of Delhi, UP and Haryana units.

As per sec 25 read with sec 22, Every supplier shall be liable to be registered in every State/UT for a place from where taxable supply takes place if Aggregate Turnover exceed (ATO) ₹ 20,00,000

Hence, XLL was liable for registration of Delhi, UP and Haryana units

**Question 13.3**

Which of the following statements is correct regarding GST registration by XLL?

- (A) XLL was liable for registration of only Delhi unit,
- (B) XLL was liable for registration of Delhi and UP units,
- (C) XLL was liable for registration of Delhi, UP and Haryana units,
- (D) XLL was liable for normal registration at Delhi and UP unit, and ISD registration at Haryana unit.

Answer: - (c) XLL was liable for registration of Delhi, UP and Haryana units.

As per sec 25 read with sec 22, Every supplier shall be liable to be registered in every State/UT for a place from where taxable supply takes place if Aggregate Turnover exceed (ATO) ₹ 20,00,000

Hence, XLL was liable for registration of Delhi, UP and Haryana units

**Question 13.4**

Which of the following statements is correct regarding generation of e-way bill for movement from ICD Tughlakabad to Nhava Sheva seaport in Mumbai?

- (A) E-way bill was not required to be generated since goods were being transported from ICD to seaport.
- (B) E-way bill was mandatorily required to be generated irrespective of the value of the goods being transported as such goods were being transported from ICD to seaport.
- (C) E-way bill was required to be generated since the value of goods being transported exceeded ₹ 50,000.
- (D) E-way bill was rightfully issued by XYZ Logistics Limited being the transporter of goods.

Answer:- (a) E-way bill was not required to be generated since goods were being transported from ICD to seaport.

As per Rule 138(14) E-way bill not required, when the goods are being transported -

- i. Under customs bond from an ICD or a container freight station (CFS) to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or
- ii. Under customs supervision or under customs seal; Hence, E-way bill was not required to be generated since goods were being transported from ICD to seaport.

**Question 13.5**

Which of the following statements is correct regarding value of container handling services provided by the company?

- (A) Value of the taxable container handling services should exclude transportation cost and green cess.
- (B) Value of the taxable container handling services should exclude green cess but include transportation cost.
- (C) Value of the taxable container handling services should exclude transportation cost but include green cess.
- (D) Value of the taxable container handling services should include transportation cost and green cess.

**Answer: - (b) Value of the taxable container handling services should exclude green cess but include transportation cost.**

|                                                                                                                                                                                   |                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| RULE 33. Value of supply of services in case of pure agent                                                                                                                        | <u>Analysis:</u>                                                                               |
| Costs incurred by the supplier as a pure agent of recipient shall be excluded from value                                                                                          |                                                                                                |
| Explanation - For the purposes of this rule, "pure agent" means a person                                                                                                          | <u>XLL = Pure agent fulfill in 4 conditions below:</u>                                         |
| who -                                                                                                                                                                             |                                                                                                |
| (a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both; | Assumed - (Contractual arrangement made)                                                       |
| (b) NEITHER intends to hold NOR holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;                                | Deposits green cess with the Government in the name of the customer (hence XLL not hold title) |
| (c) does not use for his own interest such goods or services so procured; and                                                                                                     | Not using Green cess for his own interest                                                      |
| (d) Receives only the actual amount incurred to procure such goods or services, in addition to the amount received for supply he provides on his own account.                     | and recovers such cess at actuals from the customer                                            |

**Following is the treatment:**

|                     |                             |                                                         |
|---------------------|-----------------------------|---------------------------------------------------------|
| Green cess          | Collected as pure agent     | Not included in value (conditions of Rule 33 satisfied) |
| Transportation cost | Not collected as pure agent | Included in value                                       |

### Question 13.6

**Which of the following statements is correct regarding invoicing to Nepal/ Bhutan customers?**

- Ⓐ GST is not chargeable on container handling services provided to Nepal/ Bhutan customers as the place of supply of such services is outside India.
- Ⓑ GST is not chargeable on container handling services provided to Nepal/ Bhutan customers as the same qualifies as export of service.
- Ⓒ GST is not payable on container handling services provided to Nepal/ Bhutan customers as the supply of services associated with transit cargo to Nepal and Bhutan are exempt services.
- Ⓓ GST is chargeable on container handling services provided to Nepal/ Bhutan customers.

**Answer:- (c) GST is not payable on container handling services provided to Nepal/ Bhutan customers as the supply of services associated with transit cargo to Nepal and Bhutan are exempt services.**

|           |   |                                                                                                                                                                                                                                  |
|-----------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LOS       | = | XLL, Inland Container Depot (ICD), Tughlakabad, Registered in Delhi                                                                                                                                                              |
| Recipient | = | Unregistered persons of Nepal/Bhutan                                                                                                                                                                                             |
| Supply    | = | Container handling service                                                                                                                                                                                                       |
| POS       |   | Section 13 of IGST Act shall apply to determine the place of supply of services Where the location of the supplier of services or the location of the recipient of services is outside India.<br>[Recipient are of Nepal/Bhutan] |

|                                |                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |       |                                            |  |  |                                                                                                                                                                                                                                                       |                                                          |                   |  |  |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------------------------------|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------|--|--|
|                                |                                                                                                                                                                                                                                                       | <table> <tr> <td>13(3)</td><td colspan="2">Supply of the following services namely: —</td></tr> <tr> <td></td><td>           (a) services supplied on goods<br/>           (b) made physically available<br/>           (c) by the recipient of services<br/>           (d) to the supplier of services,<br/>           or<br/>           (e) to a person acting on<br/>           behalf of the supplier of services<br/>           in order to provide the services:         </td><td>location where the<br/>services are actually<br/>performed</td></tr> <tr> <td colspan="3">Hence POS = India</td></tr> </table> | 13(3) | Supply of the following services namely: — |  |  | (a) services supplied on goods<br>(b) made physically available<br>(c) by the recipient of services<br>(d) to the supplier of services,<br>or<br>(e) to a person acting on<br>behalf of the supplier of services<br>in order to provide the services: | location where the<br>services are actually<br>performed | Hence POS = India |  |  |
| 13(3)                          | Supply of the following services namely: —                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |       |                                            |  |  |                                                                                                                                                                                                                                                       |                                                          |                   |  |  |
|                                | (a) services supplied on goods<br>(b) made physically available<br>(c) by the recipient of services<br>(d) to the supplier of services,<br>or<br>(e) to a person acting on<br>behalf of the supplier of services<br>in order to provide the services: | location where the<br>services are actually<br>performed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |       |                                            |  |  |                                                                                                                                                                                                                                                       |                                                          |                   |  |  |
| Hence POS = India              |                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |       |                                            |  |  |                                                                                                                                                                                                                                                       |                                                          |                   |  |  |
| Export of<br>service or<br>not | =                                                                                                                                                                                                                                                     | It is not export of service, since place of supply is not outside India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |       |                                            |  |  |                                                                                                                                                                                                                                                       |                                                          |                   |  |  |
| Exempt or<br>not               |                                                                                                                                                                                                                                                       | Exempt in entry 9B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |       |                                            |  |  |                                                                                                                                                                                                                                                       |                                                          |                   |  |  |
|                                |                                                                                                                                                                                                                                                       | [9B] Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |       |                                            |  |  |                                                                                                                                                                                                                                                       |                                                          |                   |  |  |

**N O T E S**

## CASE SCENARIOS 14

Mr. Mahesh, a registered person under GST, is engaged in textile business in the State of Gujarat. He wants to supply textiles with traditional Indian designs. So, he availed designing services from Mr. Manoj (Grandfather of Mr. Mahesh) in South Africa without any consideration. He also availed architect services from Mr. Murali (Brother of Mr. Mahesh) in London for ₹ 2 lakh for his personal purposes. Mr. Manoj is a reputed freelance textile designer in South Africa and Mr. Murali is an architect of high repute in London.

For producing the goods as per the traditional Indian designs, he needs to purchase & install an „Automatic Zig- Zag Electric Sewing Machine“. On 3rd May, Mr. Mahesh raised a purchase order for Sewing Machine on KUSHA Pvt Ltd. (registered supplier in Andhra Pradesh) for an amount of ₹ 2 crores. The rates of GST on various dates of the transaction are as follows:

| Date                                                                           | Particulars                                               | Rate of IGST |
|--------------------------------------------------------------------------------|-----------------------------------------------------------|--------------|
| 06th June                                                                      | Sewing machine is installed & accepted by Mr. Mahesh      | 18%          |
| 15th June                                                                      | Date of invoice                                           | 18%          |
| 03rd August                                                                    | Payment details are entered in the books of KUSHA Pvt Ltd | 28%          |
| 09th August                                                                    | Payment is credited to the bank account of KUSHA Pvt Ltd  | 28%          |
| (Note: The rate has been changed from 18% to 28% with effect from 01st August) |                                                           |              |

From the next financial year onwards, Mr. Mahesh intends to provide ancillary services relating to textiles like dyeing and designing & also intends to avail the composition scheme. The details of turnover & GST payable during the current financial year & the budgeted figures for the next financial year are as follows:

| Particulars                                       | Current financial year (₹) | Next financial year |
|---------------------------------------------------|----------------------------|---------------------|
| Taxable supplies (excluding GST)                  | 55,00,000                  | 77,00,000*          |
| Exempt supplies (exempt by way of a notification) | 45,00,000                  | 37,00,000           |
| IGST (paid on outward supplies)                   | 5,000                      | 7,000               |
| CGST                                              | 15,000                     | 17,000              |
| SGST                                              | 15,000                     | 17,000              |

\*including supply of services of ₹ 4,00,000.

On the occasion of "Birth anniversary of Mahatma Gandhi", Mr. Mahesh received a contract for supply of Indian traditional clothes for an amount of ₹ 10,00,000 (exclusive of taxes) from XYZ Ltd., a State - owned enterprise. It has its registered office at Delhi and it is registered under GST only in the Union Territory of Delhi. It intends to celebrate the birth anniversary of Mahatma Gandhi by distributing such clothes to the people in the city of Porbandar, Gujarat - birthplace of Mahatma Gandhi. As per the terms of the contract, the delivery of clothes should be made at Porbandar. Mr. Mahesh supplied the goods as per the contract & received the payment.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 14.1 to 14.4:-

## Question 14.1

In respect of the services imported by Mr. Mahesh, which of the following services are considered as supply under section 7 of the CGST Act, 2017?

- Ⓐ Designing services received from Mr. Manoj in South Africa without any consideration
- Ⓑ Architect services received from Mr. Murali in London for ₹ 2 lakh for personal purposes
- Ⓒ Both the designing services and architect services received from Mr. Manoj and Mr. Murali respectively
- Ⓓ Neither the designing services nor the architect services received from Mr. Manoj and Mr. Murali respectively



**Answer: - (b) Architect services received from Mr. Murali in London for ₹ 2 lakh for personal purposes**

Explanation. To sec 15: persons shall be deemed to be —related personal if — they are members of the same family;

Sec 2(49) —family means, —

- i. the spouse and children of the person, and
- ii. the parents, grandparents, brothers and sisters of the person if they are wholly or mainly dependent on the said person;

**Based on above**

|                                                                                                                          |                                                        |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| Mr. Manoj (Grandfather of Mr. Mahesh) in South Africa. Mr. Manoj is a reputed freelance textile designer in South Africa | = not related person, since Mr. Manoj is independent.  |
| Mr. Murali (Brother of Mr. Mahesh). Mr. Murali is an architect of high repute in London.                                 | = not related person, since Mr. Murali is independent. |

**Whether supply or not**

| Service                                                                                               | Consideration    | Whether supply or not                                                                                                  |                                                                                                 |
|-------------------------------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Import designing services from Mr. Manoj (Grandfather of Mr. Mahesh) in South Africa                  | No consideration | Not supply since import of service from unrelated without consideration Sec 7(1)(c) + Sch 1-                           |                                                                                                 |
|                                                                                                       |                  | Import of services by a [person] from a related person without consideration, in the course or furtherance of business |                                                                                                 |
| Import architect services from Mr. Murali (Brother of Mr. Mahesh) in London for his personal purposes | ₹ 2 lakh         | Supply                                                                                                                 |                                                                                                 |
|                                                                                                       |                  | Sec 7(1)(b)                                                                                                            | import of services for a consideration: whether or not in the course or furtherance of business |
|                                                                                                       |                  | But it is exempt under Entry 10 of IGST.                                                                               |                                                                                                 |

#### Question 14.2

**What is the date of payment” for sewing machine supplied by KUSHA Pvt Ltd. to Mr. Mahesh?**

- (A) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is earlier, i.e., 3rd August
- (B) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is later, i.e. 9th August
- (C) Date on which the payment is credited in his bank account, i.e. 9th August
- (D) Date on which payment is entered in the books of accounts of supplier, i.e. 3rd August

**Answer:- (a) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is earlier, i.e., 3rd August**

**Note: [Date of payment = (Book Entry or BANK Credit) whichever is earlier]**

**Exception:** However, date of receipt of payment shall be the date of credit in the bank account, if such credit in the bank account is after 4 working days from the date of change in the rate of tax.

But this will not be applicable in this question, since this exception of date of payment is applicable, if person claims payment received earlier than date of change of rate of GST on basis of recording payment in books.

## Question 14.3

Whether Mr. Mahesh is eligible to opt for the composition scheme under subsections (1) and (2) of section 10 of the CGST Act, 2017 in the next financial year? If he is eligible, then what is the permissible limit for him for supply of services in the next financial year?

- Ⓐ Eligible; the permissible limit for supply of services is ₹ 11,40,000  
 Ⓑ Eligible; the permissible limit for supply of services is ₹ 10,00,000  
 Ⓒ Eligible; the permissible limit for supply of services is ₹ 5,50,000  
 Ⓓ Mr. Mahesh is not eligible to opt for composition scheme.

Answer:- (d) Mr. Mahesh is not eligible to opt for composition scheme.

| Eligible person | Sec 10: Composition Scheme                                                                                                                                 | Analysis                                                                                                                                                         |           |             |             |                                                                                                                                                                                                                                                |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                 | <table><tr><td>SATNUMMM</td><td>≤ 75 Lakh</td></tr><tr><td>Other state</td><td>≤ 1.5 Crore</td></tr></table>                                               | SATNUMMM                                                                                                                                                         | ≤ 75 Lakh | Other state | ≤ 1.5 Crore | Sec 2(6): Aggregate T.O = All taxable supplies + exempt supplies + exports of goods and/or services + inter-State supplies of a person having the same PAN, to be computed on all India basis and Less<br>CGST/SGST/ UTGST/IGST/GST Comp, cess |
| SATNUMMM        | ≤ 75 Lakh                                                                                                                                                  |                                                                                                                                                                  |           |             |             |                                                                                                                                                                                                                                                |
| Other state     | ≤ 1.5 Crore                                                                                                                                                |                                                                                                                                                                  |           |             |             |                                                                                                                                                                                                                                                |
|                 | SATNUMMM- Sikkim, Arunachal Pradesh, Tripura, Nagaland, Uttarakhand, Manipur, Meghalaya, Mizoram.<br>Note: he is not engaged in making inter-state supply. | Aggregate T.O = ₹ 55 lac + ₹ 45 lac = ₹ 1 crore. But Mr. Mahesh is also making interstate supply. Hence Mr. Mahesh is not eligible to opt for composition scheme |           |             |             |                                                                                                                                                                                                                                                |

## Question 14.4

With respect to contract for an amount of ₹ 10,00,000 from XYZ Ltd., specify the applicable rate of tax deducted at source (TDS) under section 51 of the CGST Act, 2017.

- Ⓐ 0.5%  
 Ⓑ 1%  
 Ⓒ 2%  
 Ⓓ Nil

Answer: - (d) Nil

As per sec 51: NO TDS, when location of supplier and place of supply is different from the state of registration of recipient

|                           |   |                                                              |
|---------------------------|---|--------------------------------------------------------------|
| Supply                    | = | Supply of Indian traditional clothes (goods) for ₹ 10,00,000 |
| location of supplier      | = | Mr. Mahesh (Gujarat)                                         |
| place of supply           | = | Porbandar, Gujarat [Where goods delivered]                   |
| Nature of supply          | = | Intra-state [CGST + Gujarat GST) charged                     |
| Registration of Recipient | = | XYZ Ltd., a State - owned enterprise, (Delhi)                |

NO TDS, when location of supplier (Gujarat) and place of supply (Gujarat) is different from the state of registration of recipient (Delhi).

## CASE SCENARIOS 15

M/s Kalpavriksha Iron Traders" (KIT) is located in the city of Visakhapatnam & is registered under GST in the State of Andhra Pradesh. On 1st May, "KIT" received an order for supply of different variety of iron bars amounting to ₹ 60,00,000 (exclusive of GST) from "TMT Pvt. Ltd" located in the city of Hyderabad and registered under GST in the State of Telangana.

The details of advance payment, issue of invoice and the terms & conditions of the contract relating to delivery of iron bars are as follows:-

1. The buyer has to pay ₹ 7,00,000 as advance to the supplier.
2. The balance amount needs to be paid within 25 days from the date of issue of invoice.
3. The supplier will bear the goods transportation and other related charges.
4. If payment is not received within the stipulated time limit, then buyer needs to pay penal charges (taxes, if any to be paid separately) as follows:

| Delay (in days) | 1 to 10         | 11 to 20                    | 21 to 30                       | More than 30                   |
|-----------------|-----------------|-----------------------------|--------------------------------|--------------------------------|
| Penal charges   | ₹ 5,000 Per day | ₹ 50,000+ (₹ 8,000 Per day) | ₹ 1,30,000+ (₹ 10,000 per day) | ₹ 2,30,000+ (₹ 12,000 Per day) |

5. If the entire (i.e. 100%) payment is received within the period as mentioned in the below table, the recipient will be entitled for discount as follows:

| No. of days*   | 1 to 5 | 6 to 10 | 11 to 15 | After 15th day |
|----------------|--------|---------|----------|----------------|
| Total discount | 15,000 | 10,000  | ₹ 8,000  | No Discount    |

\* Within which the payment is received after the date of invoice Discount will be given only when the full payment is made.

| Date     | Particulars                                                |
|----------|------------------------------------------------------------|
| 2nd May  | TMT Pvt. Ltd. paid the stipulated amount of advance to KIT |
| 5th May  | Invoice issued to TMT Pvt. Ltd.                            |
| 10th May | 30% of the invoice amount is paid                          |
| 14th May | Another 20% of the invoice amount is paid                  |
| 18th May | Balance amount is paid                                     |

On 3rd May, TMT Pvt. Ltd. requested KIT to deliver the iron bars to Sakthi Iron & Steels (SIS) located in the city of Bhubaneswar (Odisha).

On 5th May, KIT entered into a contract with "Express transports" [a Goods Transport Agency (GTA) located & registered under GST in the State of Andhra Pradesh charging GST at the rate of 5% on its services] for delivery of iron bars at Bhubaneswar. The freight charges and loading charges for the delivery services provided by GTA are ₹ 1,50,000 (exclusive of GST) and ₹ 5000 (exclusive of GST) respectively.

The iron bars are removed from the warehouse of KIT on 6th May and an e-way bill is generated at 00:15 AM on 6th May. The distance from the warehouse of KIT to location of SIS is 455 km. KIT paid the freight charges to the transporter immediately after the delivery of the goods.

Note:

1. If buyer receives any discount from the supplier, he will reverse the proportionate ITC availed at the time of purchase.
2. The iron bars are not over Dimensional Cargo

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 15.1. to 15.6.

**Question 15.1**

**What shall be the place of supply for the following two independent supplies?**

- A. Supply between KIT & TMT Pvt Ltd.;  
 B. Supply between TMT Pvt Ltd. & SIS  
 (A) A) Bhubaneswar; B) Hyderabad  
 (B) A) Bhubaneswar; B) Bhubaneswar  
 (C) A) Hyderabad; B) Bhubaneswar  
 (D) A) Hyderabad; B) Visakhapatnam

Answer: - (c) A) Hyderabad; B) Bhubaneswar

|                                                                                                                                           |                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Supply by M/s KIT (Visakhapatnam) (Andhra Pradesh) to M/s TMT Pvt. Ltd. (Hyderabad) (Telangana)                                           | Supply by M/s TMT Pvt. Ltd. (Hyderabad) (Telangana) to Sakthi Iron & Steels (SIS) Bhubaneswar (Odisha).       |
| Sec 10(1)(b) - POS = Principal place of 3rd Person i.e. M/s TMT Pvt. Ltd.<br>POS = (Hyderabad) (Telangana)<br>POS = Bhubaneswar (Odisha). | Sec 10(1)(a) - POS = where movement of goods terminate for delivery to recipient (Sakthi Iron & Steels (SIS)) |
| LOS = M/s KIT (Visakhapatnam) (Andhra Pradesh)                                                                                            | LOS = M/s TMT Pvt. Ltd. (Hyderabad) (Telangana)                                                               |
| It is inter-state supply                                                                                                                  | It is inter-state supply                                                                                      |
| IGST Leviable                                                                                                                             | IGST Leviable                                                                                                 |

**Question 15.2**

**What shall be the time of supply for the transaction between KIT & TMT Pvt Ltd.?**

- (A) 5th May  
 (B) 6th May  
 (C) 2nd May  
 (D) 2nd May for supply of ₹ 7,00,000 & 5th May for the balance value of supply.

Answer:- (a) 5th May

(i) Time Limit For Raising Invoice: Sec 31: In case of supply of Goods,

|                                                                       |                                                                                                                 |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Invoice issued Before or at time of                                   |                                                                                                                 |
| (a) removal of goods: where the supply involves movement of goods, or | (b) delivery of goods or making available thereof to the recipient: Where supply not involves movement of goods |

Hence Invoice should be issued on 6th May (removal from warehouse of M/s Kit)

(ii) Time of supply of goods under Forward charge-Sec 12(2) + 66/2017

(Date of Invoice i.e 5th May / Last date to issue Invoice u/s 31 i.e 6th May) Whichever is earlier.

Hence time of supply is 5th May

**Question 15.3**

**What shall be the value of taxable supply made by KIT to TMT Pvt Ltd.?**

- (A) ₹ 61,55,000  
 (B) ₹ 61,47,000  
 (C) ₹ 59,92,000  
 (D) ₹ 61,22,000

Answer: - (b) ₹ 61,47,000

|                                                                                                                                                                    |             |                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic price of iron Bars                                                                                                                                           | ₹ 60,00,000 | Sec 15(1) =Transaction Value                                                                                                                                     |
| Freight charges                                                                                                                                                    | ₹ 1,50,000  | The given supply is a composite supply involving supply of goods and services (freight) where the principal supply is the supply of goods. Hence it is included. |
| loading charges                                                                                                                                                    | ₹ 5000      | being incidental expenses included in 15(2)(c)                                                                                                                   |
|                                                                                                                                                                    | ₹ 61,55,000 |                                                                                                                                                                  |
| Less: Discount given is post supply discount and buyer reversed proportionate input tax credit (ITC)                                                               | (₹ 8,000)   | As per sec 15(3)                                                                                                                                                 |
| Post supply discount/ Discount given after supply - if Known at time of supply through agreement entered + linked to invoice and ITC reversed by recipient: Deduct |             |                                                                                                                                                                  |
| value of taxable supply                                                                                                                                            | ₹ 61,47,000 |                                                                                                                                                                  |

**Question 15.4**

What will be the validity of the e-way bill generated by KIT on 6th May?

- (A) 12:15 midnight of 9th -10th May  
 (B) 12:00 midnight of 8th -9th May  
 (C) 12:15 midnight of 8th-9th May  
 (D) 12:00 midnight of 9th -10th May

**Answer: - (d) 12:00 midnight of 9th -10th May**

| Validity period of e-way bill/ consolidated e- way bill | Type of cargo                                                                                                                                                                                                                                                                                                              | Distance within country          | Validity period from relevant date |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------|
|                                                         | Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship                                                                                                                                                                                                                         | For every 20 kms or part thereof | 1 day                              |
|                                                         | In Other cases (i.e. other than Over Dimensional Cargo or multimodal shipment)                                                                                                                                                                                                                                             | For every 200 km or part thereof | 1 day                              |
| Relevant date                                           | Explanation 1. - - Relevant date shall mean the date on which e-way generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill. |                                  |                                    |

Since, Goods supplied other than Over Dimensional Cargo

|                                         |   |                                |
|-----------------------------------------|---|--------------------------------|
| Validity period of e-way bill of 455 Km | = | 3 days (200 km per day)        |
| EWB generated on                        | = | 6 May (0.15 hrs)               |
| 1st day end on                          | = | 7th, 8th May (* 2:00 midnight) |
| 3th day end on                          | = | 9th- 10th May (12:00 midnight) |



## Question 15.5

In the above case scenario, if the entire (100%) payment is made on the following independent dates namely,

A) 03rd June,

B) 28th May and

C) 20th June, then the value of taxable supply in each independent case will be:

- Ⓐ A) 61,75,000; B) 61,55,000; C) 62,95,000.  
 Ⓑ A) 60,30,000; B) 60,05,000; C) 61,55,000.  
 Ⓒ A) 61,80,000; B) 61,47,000; C) 63,05,000.  
 Ⓓ A) 60,30,000; B) 59,97,000; C) 61,55,000.

Answer:- (a) A) 61,75,000; B) 61,55,000; C) 62,95,000.

value of taxable supply in each independent case:

| Payment on | Payment Due date = 25 days from date of invoice i.e 5th May + 25 days = 30th May | Discount allowed [if payment made within 15 days of date of invoice] i.e 20 May | Penal charges [i.e delay after due date 30th May]                     | Total value of taxable Supply ₹ 1,50,000 + ₹ 5000 = ₹ 60,00,000 + ₹ 61,55,000 less disc, add Penalty |
|------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 03rd June  | 30th May                                                                         | Nil                                                                             | Delay = 4 days<br>4 × ₹ 5000 per day = ₹ 20,000                       | [₹ 61,55,000 + ₹ 20,000] = ₹ 61,75,000;                                                              |
| 28th May   | 30th May                                                                         | Nil                                                                             | No delay                                                              | ₹ 61,55,000                                                                                          |
| 20th June  | 30th May                                                                         | Nil                                                                             | Delay = 21 days<br>[₹ 1,30,000 + (1 × ₹ 10,000 per day)] = ₹ 1,40,000 | [₹ 61,55,000 + ₹ 1,40,000] = ₹ 62,95,000                                                             |

## Question 15.6

Who will be liable to pay GST on freight and loading charges charged by Express Transports”?

- Ⓐ TMT Pvt Ltd  
 Ⓑ SIS  
 Ⓒ Express Transports  
 Ⓓ KIT

Answer:- (d) KIT

As per Sec 9(3) read with notification: Recipient pay GST under reverse charge for GTA Service as follows:

| Nature of service                                      | supplied by                | To [i.e. recipient who is liable to pay tax under reverse charge]                                                                                                                                                                                                            |
|--------------------------------------------------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Services in respect of transportation of goods by road | GTA [not paying tax @ 12%] | (a) factory registered under Factories Act, (b) society registered under Societies Act, (c) co-operative society, (d) person registered under GST law (e) body corporate and (f) partnership firm including AOP. (g) casual taxable person located in taxable territory (TT) |

Hence,

|                                                                               |   |                                                                                                                                 |
|-------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------|
| Supply                                                                        | = | services in respect of transportation of goods by road                                                                          |
| Supplier                                                                      | = | Express transports" [(GTA) Andhra Pradesh charging GST at the rate of 5%                                                        |
| Recipient                                                                     | = | M/s KIT (registered in GST in Andhra Pradesh)                                                                                   |
| Who will pay GST on freight & loading charges                                 |   | Since, GTA [not paying tax @ 12% provide services in respect of transportation of goods by road to M/s KIT (registered in GST). |
| Hence, M/s KIT (registered in GST) is liable to pay GST under reverse charge. |   |                                                                                                                                 |

## CASE SCENARIOS 16

Suraksha Travels Pvt. Ltd" (STPL) is established on 3rd April in the city of Bangalore (Karnataka) and the primary objective of the company is to provide air-conditioned contract-based passenger transportation services at affordable fares. The company obtains the voluntary registration under GST from 1st May. On 1st July, the company purchased motor vehicles of various seating capacities as follows.

| Seating capacity (Including driver) | No. of vehicles | Purchase price(₹) (Per vehicle exclusive of taxes) | Rate of GST        |
|-------------------------------------|-----------------|----------------------------------------------------|--------------------|
| 7 persons                           | 4               | 10,00,000                                          | CGST-9%; SGST - 9% |
| 9 persons                           | 3               | 12,00,000                                          | CGST-9%; SGST - 9% |
| 11 persons                          | 2               | 14,00,000                                          | CGST-9%; SGST - 9% |
| 13 persons                          | 1               | 15,00,000                                          | IGST-18%           |

From the month of July, STPL associated with RUBA Ltd. for enhancing the business operations. RUBA Ltd. owns/operates an electronic platform for supply of passenger transportation services in Bangalore. The company developed an application called "RUBA" through which the customers can access the nearest available motor vehicles (cabs) and avail the services. RUBA Ltd. collects the consideration for the services from the customers and remits the same to the service provider (STPL) after retaining the commission charged by it for using its electronic platform.

The details of few bookings of STPL in the month of July are as follows:

(These bookings are obtained by STPL on its own account and not through RUBA Ltd.)

| Order No. | Date of travel | Starting city | Ending city | Residence of the customer | Date of payment/ booking | customer Status of |
|-----------|----------------|---------------|-------------|---------------------------|--------------------------|--------------------|
| CA-234    | 5th July       | Bangalore     | Chennai     | Bangalore                 | 3rd July                 | Registered         |
| CA-435    | 11th July      | Bangalore     | Chennai     | Chennai                   | 9th July                 | Unregistered       |
| PH-534    | 16th July      | Chennai       | Bangalore   | Hyderabad                 | 14th July                | Registered         |
| GK-987    | 19th July      | Hyderabad     | Bangalore   | Delhi                     | 17th July                | Unregistered       |
| UV-777    | 22nd July      | Bangalore     | Hyderabad   | Mumbai                    | 20th July                | Registered         |
| XE-001    | 25th July      | Chennai       | Bangalore   | Kolkata                   | 23rd July                | Unregistered       |

The invoice is issued electronically on the date of travel immediately after the completion of the journey. The details of the passenger transportation services supplied by STPL through RUBA Ltd. & GST payable on the supply is as follows: -

| Particulars       | July (₹)    | August (₹)  | September (₹) |
|-------------------|-------------|-------------|---------------|
| Value of services | 1,30,00,000 | 1,25,00,000 | 1,40,00,000   |
| CGST              | 9,00,000    | 8,00,000    | 8,50,000      |
| SGST              | 9,00,000    | 8,00,000    | 8,50,000      |
| IGST              | 4,00,000    | 3,50,000    | 4,50,000      |

Note:

1. All amounts are exclusive of CGST/SGST or IGST, as the case may be.
2. Booking will be confirmed only after paying total fare for the journey.
3. There is no other inward or outward supply transaction for STPL in the relevant period apart from the aforementioned transactions.
4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the case scenario given above, choose the most appropriate answer to Q. nos. 16.1. to 16.5:-

#### Question 16.1

Amount of blocked credit in respect of motor vehicles purchased by STPL on 1st July is\_\_\_\_\_.

- (A) CGST= ₹ 9,36,000; SGST= ₹ 9,36,000 & IGST = ₹ 2,70,000  
 (B) CGST= ₹ 3,24,000; SGST= ₹ 3,24,000 & IGST= ₹ 2,70,000  
 (C) CGST = Nil; SGST = Nil & IGST = ₹ 2,70,000  
 (D) CGST = Nil; SGST = Nil & IGST = Nil

**Answer: - (d) CGST = Nil; SGST = Nil & IGST = Nil**

As per Sec 17(5)(a), ITC NOT AVAILABLE for MOTOR VEHICLE Seating capacity < 13 Person (including Driver)

Note- ITC allowed of Vehicle FOR Making taxable supply of Transport of Passenger [e.g., Providing Transport of Passenger Service]

Since, M/s STPL is engaged in supply of Transport of Passenger service, Input tax credit allowed.

#### Question 16.2

Amount of GST payable through electronic cash ledger by STPL on the services supplied by it through RUBA Ltd. during the month of July is \_\_\_\_\_

- (A) CGST = ₹ 9,00,000; SGST= ₹ 9,00,000 & IGST= ₹ 4,00,000  
 (B) CGST = Nil; SGST = Nil & IGST = ₹ 58,000  
 (C) CGST = Nil; SGST = Nil & IGST = ₹ 1,30,000  
 (D) CGST = Nil; SGST = Nil & IGST = Nil

**Answer: - (d) CGST = Nil; SGST = Nil & IGST = Nil**

|                                         |                                                       |                                                                                                                                                                                                                                                                                                            |                                         |
|-----------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 9(5) CGST Act/<br>5(5) IGST Act<br>2017 | Tax payable by the electronic commerce operator [ECO] | The Government may notify specific categories of services the tax on supplies of which shall be paid by electronic commerce operator (ECO) as if such services are supplied through it.<br>9(5)/5(5) Notified services: CG Notified following service, IF Supplied through ECO: ECO is liable to pay GST:- |                                         |
|                                         |                                                       | services of transport of passengers by a radio-taxi, motorcab, maxicab and motor cycle supplied thorough ECO                                                                                                                                                                                               | Supplier registered or not: ECO Pay GST |

|                                                                                                                                         |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                         |  | <p>2(22) -maxicab means any motor vehicle constructed or adapted to carry than 6 passengers, but not more than 12 passengers, excluding the driver, for hire or reward; [means Maximum = 12 Passenger + 1 Driver = Total 13 Persons Capacity]</p> <p>2(25) -motorcab means any motor vehicle constructed or adapted to carry * more than 6 passengers excluding the driver for hire or reward; [means Maximum = 6 Passenger + 1 Driver = Total 7 Persons Capacity]</p> |
| Hence, Tax payable by the electronic commerce operator [ECO] i.e., M/s RUBA Ltd. on the services supplied by M/s STPL through RUBA Ltd. |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

**Question 16.3**

**Amount of tax to be collected at source by RUBA Ltd. on the taxable supplies made through it during the months of A) July, B) August and C) September, is .**

- Ⓐ A) ₹ 65,000; B) ₹ 62,500 and C) ₹ 70,000  
 Ⓑ A) ₹ 1,30,000; B) ₹ 1,25,000 and C) ₹ 1,40,000  
 Ⓒ A) ₹ 1,30,000; B) Nil and C) ₹ 70,000  
 Ⓓ A) Nil; B) Nil and C) Nil

**Answer: -d) A) Nil; B) Nil and C) Nil**

Person liable to Collect TCS: Sec 52

Electronic commerce operator [ECO] on Net value of taxable supplies made through it by other suppliers.

If ECO collects consideration on behalf of the supplier, NET VALUE of Taxable supply = Aggregate value of taxable supplies of goods/ services (--) notified services under section 9(5) by all registered persons through ECO(--) taxable supplies returned to suppliers

Hence for Services notified u/s 9(5), ECO is not required to collect Tax at source. Services of transport of passengers by a radio-taxi, motorcab, maxicab and motor cycle supplied thorough ECO is notified service in Sec 9(5).

Hence no tax to be collected at source by RUBA Ltd.

**Question 16.4**

**Place of supply for order numbers 1) CA-435, 2) PH-534 & 3) GK-987 is .**

- Ⓐ 1) Bangalore, 2) Hyderabad & 3) Hyderabad  
 Ⓑ 1) Chennai, 2) Hyderabad & 3) Hyderabad  
 Ⓒ 1) Chennai, 2) Chennai & 3) Delhi  
 Ⓓ 1) Bangalore, 2) Chennai & 3) Hyderabad

**Answer: - (a) 1) Bangalore, 2) Hyderabad & 3) Hyderabad**

Section 12 of IGST Act 2017 shall apply to determine the place of supply of services where the location of supplier (LOS) of services and the location of the recipient (LOR) of services is in India.

|       |                                                                                              |                                                                               |
|-------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 12(9) | POS FOR PASSENGER TRANSPORTATION SERVICE: = Supply of PASSENGER TRANSPORTATION SERVICE to, - |                                                                               |
|       | (a) a registered person,                                                                     | location of such person;                                                      |
|       | (b) a person other than a registered person,                                                 | place where the passenger embarks on the conveyance for a continuous journey; |

## Determination of place of supply

| Order No. | Starting city | Residence of the customer | Customer Status | Place of supply                                                    |
|-----------|---------------|---------------------------|-----------------|--------------------------------------------------------------------|
| CA-435    | Bangalore     | Chennai                   | Unregistered    | Bangalore<br>[place where the passenger embarks on the conveyance] |
| PH-534    | Chennai       | Hyderabad                 | Registered      | Hyderabad<br>[location of registered person]                       |
| GK-987    | Hyderabad     | Delhi                     | Unregistered    | Hyderabad<br>[place where the passenger embarks on the conveyance] |

## Question 16.5

Time of supply for order numbers 1) CA-234, 2) UV-777 & 3) XE-001 is \_\_\_\_\_.

- Ⓐ 1) 5th July, 2) 20th July & 3) 23rd July  
 Ⓑ 1) 5th July, 2) 22nd July & 3) 23rd July  
 Ⓒ 1) 3rd July, 2) 20th July & 3) 23rd July  
 Ⓓ 1) 5th July, 2) 20th July & 3) 23rd July

**Answer:- (c) 1) 3rd July, 2) 20th July & 3) 23rd July**

- i. Time Limit for Raising Invoices- Sec 31: In case of supply of service, Invoice issued Before or after the provision of service but within 30 days from the date of supply of services

In our case invoice issued on date of travel immediately after completion of journey.

- ii. Time of supply of service under Forward charge - Sec 13(2)

IF Invoice issued as per Sec 31

- a) Date of invoice or  
 b) Date of payment

Whichever is earlier

Explanation - Date of payment = date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier Hence,

| Order No. | Date of travel | Date of invoice | Date of payment/ booking | Time of supply |
|-----------|----------------|-----------------|--------------------------|----------------|
| CA-234    | 5th July       | 5th July        | 3rd July                 | 3rd July       |
| UV-777    | 22nd July      | 22nd July       | 20th July                | 20th July      |
| XE-001    | 25th July      | 25th July       | 23rd July                | 23rd July      |

**N O T E S**



## CASE SCENARIOS 17

Mr. A is a practicing Chartered Accountant who is supplying the service in the field of auditing and assurance.

His earnings during the current financial year are as follows-

1. Income from the auditing and assurance service provided during the year- ₹ 1,86,00,000
2. Income for acting as an examiner from the ICAI and ICSI (not on their rolls) in the month of June - ₹ 2,50,000
3. Rental income from a commercial property, during the year- ₹ 13,90,000

Further, in the month of April, Mr. B purchased 10 computers at a price of ₹ 25,000 each, for his office as new staff has been recruited by his HR team and had availed and utilized ITC on the same. On 31st October, out of these 10 computers, Mr. A shifted 2 computers at his residence for his son for learning purpose. Open market value of each of these computers, on 31st October, is ₹ 10,000. Mr. A belatedly filed GSTR-3B for the month of December, by 5 days. Value of taxable supply for the month of December is ₹ 10,00,000 (included in his details of earnings mentioned above). Applicable rate of tax on said supply is 18%.

Note:

1. All the above amounts are exclusive of taxes, wherever applicable.
2. The opening balance of input tax credit of Mr. A for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
3. There is no other inward or outward supply transaction for Mr. A in the relevant period apart from the aforementioned transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 17.1. to 17.5. as follows:-

## Question 17.1

Assuming that the current financial year is the financial year 2019-20, Mr. A is required to maintain and retain the books of accounts for said financial year under the GST law up to \_\_\_\_\_.

- 31st December 2025
- 31st December 2026
- 31st December 2027
- 31st December 2028

**Answer:- (b) 31st December 2026**

PERIOD OF RETENTION OF ACCOUNTS: SECTION 36: Every registered person shall retain them for 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records:

Further due date of Annual return = 31st December of next Financial year.

HENCE, Mr. A is required to maintain and retain the books of accounts for said financial year under the GST law up to 31st December 2026 [i.e. 31st Dec 2020 + 72 month = 31st December 2026]

## Question 17.2

Aggregate turnover for the purpose GST audit is

- ₹ 2,02,50,000
- ₹ 2,02,90,000
- ₹ 2,02,65,000
- ₹ 2,02,60,000

**Answer: - (d) ₹ 2,02,60,000**

- 1) Sec 2(6): Aggregate T.O = All taxable supplies + exempt supplies + exports of goods and/or services + inter-State supplies of a person having the same PAN, to be computed on all India basis and Less CGST/SGST/UTGST/IGST/GST Comp, cess
- 2) ATO exclude inward supplies on which tax is payable under reverse charge. Aggregate Turnover =

|                                                                                          |               |
|------------------------------------------------------------------------------------------|---------------|
| Audit fee of the year                                                                    | ₹ 1,86,00,000 |
| Examiner of ICAI and ICSI (not on their rolls) in the month of June                      | ₹ 2,50,000    |
| Rental income from a commercial property, of the year                                    | ₹ 13,90,000   |
| Open market value of 2 computer shifted to house = Supply as per [para 1 sch1 + 7(1)(c)] |               |
| [Permanent transfer of business assets without consideration on which ITC taken.]        | ₹ 20,000      |
| Aggregate Turnover                                                                       | ₹ 2,02,60,000 |

**Question 17.3**

Total taxable turnover of Mr. A for the current financial year is

- (A) ₹ 2,00,10,000  
 (B) ₹ 2,00,40,000  
 (C) ₹ 2,02,60,000  
 (D) ₹ 2,02,50,000

**Answer: - (a) ₹ 2,00,10,000**

|                                                                                                                                                     |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Audit fee of the year                                                                                                                               | ₹ 1,86,00,000 |
| Examiner of ICAI and ICSI (not on their rolls) in the month of June                                                                                 |               |
| Entry 66(b) exempts Services provided, by any person by way of,- services relating to admission to, or conduct of examination by, such institution; | Exempt        |
| Rental income from a commercial property, of the year                                                                                               | ₹ 13,90,000   |
| Open market value of 2 computer shifted to house = Supply as per [para 1 sch1 + 7(1)(c)]                                                            |               |
| [Permanent transfer of business assets without consideration on which ITC taken.]                                                                   | ₹ 20,000      |
| Taxable Turnover                                                                                                                                    | ₹ 2,00,10,000 |

**Question 17.4**

Which of the following is/are not a supply under GST law?

- (A) Service provided as an examiner to ICAI and ICSI  
 (B) Rental income as it is not related to business  
 (C) Shifting of computers at home for personal purpose as there is no consideration  
 (D) None of the above

**Answer: - (d) None of the above**

|                                                                                 |                                                                                                                              |
|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Service provided as an examiner to ICAI and ICSI                                | = supply, but exempt under Entry 66                                                                                          |
| Rental income as it is not related to business                                  | = Supply, covered by definition of business. Definition of business is very wide.                                            |
| Shifting of computers at home for personal purpose as there is no consideration | = Supply as per [para 1 sch1 + 7(1)(c)]<br>[Permanent transfer of business assets without consideration on which ITC taken.] |

**Question 17.5**

Which of the following statement(s) is/are correct with respect to interest liability of Mr. A, for the month of December?

- (A) Interest liability of Mr. A is ₹ 444 and he can pay the same either from input tax credit available in electronic credit ledger or in cash.  
 (B) Interest liability of Mr. A is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.  
 (C) Interest liability of Mr. A is ₹ 2,466 and he can pay the same from input tax credit available in electronic credit ledger or in cash.

- Ⓐ Interest liability of Mr. A is ₹ 2,466 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

**Answer:- (b) Interest liability of Mr. A is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.**

Sec 50: (a) Every person who fails to pay the tax or any part thereof to Govt, within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest @ 18% p.a from the day succeeding the day on which such tax was due to be paid.

Period of delay = 5 days

Interest = ₹ 1,80,000 × 18% × 5 days/365 = ₹ 444 (R/off)

Further, input tax credit can be used to pay only output tax and not for payment of interest or penalty.

### CASE SCENARIOS 18

Kunj Manufacturers, a registered supplier under GST in Surat, Gujarat, has opted to pay tax under composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It is engaged in manufacturing textile products. The following information is available in relation to Kunj Manufacturers for the current financial year:

1. Total turnover during the quarter April-June is ₹ 1,50,00,000.
2. The option to pay tax under composition scheme lapses from 1st July.
3. Tax paid on inputs lying in stock as on 30th June (Invoice dated 4th May) - CGST ₹ 10,000 and SGST ₹ 10,000.
4. Tax paid on inputs contained in semi-finished goods held in stock as on 30th June- CGST ₹ 5,000 and SGST ₹ 5,000 (Invoice was dated 31st December of preceding financial year).
5. A machinery was purchased on 15th March of preceding financial year for ₹ 10,00,000 (taxable value). Applicable GST rate was 12%.
6. On 10th August, Kunj Manufacturers sold goods worth ₹ 2,40,000 to Surat Municipal Corporation (SMC). The contract with SMC was to supply only goods and not any services.
7. On 15th August, Kunj Manufacturers sold goods worth ₹ 10,00,000 to Finance Department of Gujarat Government.
8. Apart from the information provided above, sales and purchases worth ₹ 15,00,000 and ₹ 12,00,000 respectively were also reported during the period of July - February.
9. During the month of March of the current financial year, Kunj Manufacturers manufactured 2,500 meters of fabric (Value of the fabric is ₹ 200 per meter). ITC pertaining to such output was CGST - ₹ 27,500 and SGST - ₹ 27,500. Mr. Kunj exported 1,500 meters of fabric under bond and sold the balance 1,000 meters of fabric in Gujarat, India.

Notes:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
3. It is also assumed that due date for any return required to be filed by the taxpayer has not been extended by the Government.
4. Rate of GST applicable on goods manufactured by Kunj Manufacturers under regular scheme is 12%. GST rate applicable on inward supplies is 12% unless otherwise specified.
5. All the purchases and sales are made within the State except the export sales.
6. 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. 18.1. to 18.5. as follows: -

### Question 18.1

The net GST payable in cash by Kunj Manufacturers during the period from April to February is.

- Ⓐ ₹ 1,76,800
- Ⓑ ₹ 3,46,800
- Ⓒ ₹ 18,26,800
- Ⓓ ₹ 18,46,800

Answer: - (a) ₹ 1,76,800

Calculation of net GST payable in cash by Kunj Manufacturers during the period from April to February:

| Particulars                                                                                                                     | IGST | CGST       | SGST       | Total      |
|---------------------------------------------------------------------------------------------------------------------------------|------|------------|------------|------------|
| Sale of goods to Surat Municipal Corporation (SMC) ₹ 2,40,000 × 6% =                                                            | —    | ₹ 14,400   | ₹ 14,400   | ₹ 28,800   |
| Sale of goods to Finance Department of Gujarat Government ₹ 10,00,000 × 6% =                                                    |      | ₹ 60,000   | ₹ 60,000   | ₹ 1,20,000 |
| Other sale [₹ 15,00,000 × 6%] =                                                                                                 |      | ₹ 90,000   | ₹ 90,000   | ₹ 1,80,000 |
| Total liability from July to Feb                                                                                                |      | ₹ 1,64,400 | ₹ 1,64,400 | ₹ 3,28,800 |
| Less: ITC (CGST & SGST) [ see Que 2]                                                                                            |      |            |            |            |
| [ITC of CGST shall be utilized first for payment of CGST and then, for payment of IGST]                                         |      |            |            |            |
| [ITC of SGST shall be utilized first for payment of SGST and then, for payment of IGST]                                         |      | ₹ 1,41,000 | ₹ 1,41,000 | ₹ 2,82,000 |
| GST Payable under forward charge through Electronic Cash ledger from July to Feb                                                | NIL  | ₹ 23,400   | ₹ 23,400   | ₹ 46,800   |
| Composition tax paid through Electronic Cash ledger from April to June, CGST = [1.5 crore × 0.5%] „ SGST = [1.5 crore × 0.5%] = | NIL  | ₹ 75,000   | ₹ 75,000   | ₹ 1,50,000 |
| TOTAL GST paid through Electronic Cash ledger from April to Feb                                                                 | Nil  | ₹ 98,400   | ₹ 98,400   | ₹ 1,96,800 |

If it is assumed registration is taken in this year, then

|                                |                                                                                                                                                                                                            |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| As per Explanation 2 to sec 10 | For the purposes of determining the tax payable by a person under this section, the expression -turnover in State or turnover in Union territory shall not include the value of following supplies, namely |
|                                | (i) supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and                                                            |

It means turnover will be 1.5 crore less 20 lakh (Registration Limit) = 1.3 crore Then, Composition tax = 1.3 crore \* 1% = 1,30,000. Then total tax will be ₹ 46,800 + ₹ 1,30,000 = ₹ 1,76,800

#### Question 18.2

Input Tax Credit (ITC) available to Kunj Manufacturers during the period from April to February is.

- Ⓐ ₹ 2,72,000
- Ⓑ ₹ 2,82,000
- Ⓒ ₹ 2,88,000
- Ⓓ ₹ 3,02,000

Answer: - (b) ₹ 2,82,000

| Sec18(1)(c): Registered person switching from composition levy to regular scheme of payment of taxes                  |                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit entitled on                                                                                                    | On the day immediately preceding the date from which he becomes liable to pay tax under regular scheme Credit of Capital goods = [Total Tax on CG - 5% per quarter or part thereof from the date of invoice |
| 1. Inputs as such held in stock                                                                                       |                                                                                                                                                                                                             |
| 2. Inputs contained in semifinished goods held in stock                                                               |                                                                                                                                                                                                             |
| 3. Inputs contained in finished goods held in stock                                                                   |                                                                                                                                                                                                             |
| Sec 18(2): ITC, in all above cases, is to be availed within 1 year from the date of issue of invoice by the supplier. |                                                                                                                                                                                                             |

Input Tax Credit (ITC) available to Kunj Manufacturers during the period from April to February:

| Particulars                                                                                       | IGST(₹)  | CGST(₹)  | SGST(₹)  | Total(₹) |
|---------------------------------------------------------------------------------------------------|----------|----------|----------|----------|
| Input tax credit of stock [credit on 30/6 taken]                                                  |          |          |          |          |
| Inputs (Invoice dated 4th May) [not more than 1 year old]                                         |          | 10,000   | 10,000   | 20,000   |
| Inputs contained in semi-finished goods Invoice dated 31st Dec of P.Y) [not more than 1 year old] |          | 5,000    | 5,000    | 10,000   |
| GST on Machinery purchased on 15th March of P.Y = $10,00,000 \times 12\% = 1,20,000$              |          |          |          |          |
| ITC on machine = $[1,20,000 - 5\% \times 2 \text{ Qtr}] = 1,08,000$                               |          |          |          |          |
| [Qtr period = 15 March to 30 June] 2 quarter = last Qtr of P.Y & first Qtr of Current year        |          | 54,000   |          |          |
| $[1,08,000/2]$                                                                                    | 54,000   |          |          |          |
| $[1,08,000/2]$                                                                                    | 1,08,000 |          |          |          |
| Normal purchase $[1,20,000 \times 6\%]$                                                           |          | 72,000   | 72,000   | 1,44,000 |
| Total input tax credit                                                                            |          | 1,41,000 | 1,41,000 | 2,82,000 |

### Question 18.3

The amount of GST refund available to Kunj Manufacturers for the month of March in the current financial year is

- (A) ₹ 24,000  
 (B) ₹ 33,000  
 (C) ₹ 31,000  
 (D) ₹ 22,000

Answer: - (c) ₹ 31,000

| Particulars                                                      | Value                      | GST Rate | GST                                        |
|------------------------------------------------------------------|----------------------------|----------|--------------------------------------------|
| Domestic sale<br>[1,000 meters of fabric sold in Gujarat, India] | ₹ 2,00,000<br>[1000 × 200] | 12%      | ₹ 24,000<br>[CGST 12,000,<br>SGST-12000]   |
| Export under Bond/LUT 1500 meter<br>[since export under LUT]     | ₹ 3,00,000<br>[1500 × 200] | NIL      | ₹ 24,000                                   |
| TOTAL GST                                                        |                            |          |                                            |
| Less: input tax credit related to it                             |                            |          | (₹ 55,000)<br>[CGST-27,500,<br>SGST-27500] |
| Input tax credit balance                                         |                            |          | ₹ 31,000                                   |

Refund formula as per rule 89(4) for zero rated supply:

|                                                     |                                                                                                                                                       |                                                  |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Refund of ITC for zero rated supply: as per formula | NET ITC × Turnover of Zero rate Supply of (goods + service) / Adjusted total Turnover                                                                 | ₹ 55,000<br>× 3 Lakh<br>/ 5 lakh =<br>₹ 33,000   |
| "Net ITC" =                                         | input tax credit availed on inputs and input services during the relevant period<br>Less: ITC availed for which refund is claimed UNDER 89 (4A)/ (4B) | ₹ 55,000<br>[CGST<br>-27,500,<br>SGST-<br>27500] |



|                            |                                                                                                                                                                                                                                                                                                                                     |            |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| "Turnover of zero-rated"   | value of zero-rated supply of goods made during relevant period without payment of tax under bond or letter of undertaking less turnover of supplies in respect of which refund is claimed under 89 (4A)/(4B)<br>(Or)<br>1.5 times value of like goods domestically supplied by same or similarly placed supplier whichever is less | ₹ 3,00,000 |
| "Adjusted Total turnover"= | -Adjusted Total Turnover If means                                                                                                                                                                                                                                                                                                   |            |
|                            | Turnover in a State or UT, as Per sec 2(112), excluding the turnover of services; and                                                                                                                                                                                                                                               |            |
|                            | Add: Turnover of zero-rated supply of services as above & non-zero-rated supply of services,                                                                                                                                                                                                                                        |            |
|                            | Less: the value of exempt supplies other than zero-rated supplies; and                                                                                                                                                                                                                                                              |            |
|                            | Less: the turnover of supplies in respect of which refund is claimed under 89 (4A) or (4B) or both, if any, during the relevant period.<br>Note: As per ICAI 89(4A), (4B) Turnover of both goods & service excluded.                                                                                                                |            |

**Quantum of refund of Unutilized ITC= Minimum of**

|                                                                                                            |                  |
|------------------------------------------------------------------------------------------------------------|------------------|
| (i) Refund as per Formula under Rule 89(4) and 89(5)                                                       | ₹ 33,000         |
| (ii) Credit ledger Balance at the end of period after filing 3B for the period for which refund is claimed | Not given in que |
| (iii) Credit ledger Balance at the time of filing refund                                                   | ₹ 31,000         |

Hence Refund = ₹ 31,000

**Question 18.4**

Which of the following statements is correct?

- Ⓐ Kunj Manufacturers is required to file Form GSTR-9, Form GSTR-9A and Form GSTR- 9C.
- Ⓑ Kunj Manufacturers is required to file only Form GSTR-9.
- Ⓒ Kunj Manufacturers is required to file Form GSTR-9 and Form GSTR-9C.
- Ⓓ Kunj Manufacturers is required to file both Form GSTR - 9 and Form GSTR - 9A.

Answer:- (d)

Kunj Manufacturers is required to file both Form GSTR - 9 and Form GSTR - 9A

|               |   |                      |                 |
|---------------|---|----------------------|-----------------|
| April to June | = | Composition supplier | So File GSTR 9A |
| July to March | = | Normal Supplier      | So File GSTR 9  |

Requirement to file audited financial statements and Reconciliation Statement in GSTR-9C:  
Since, Aggregate turnover is below ₹ 2 crore. Hence no requirement to furnish GSTR 9C.

**Question 18.5**

Assuming that goods have been sold by Kunj Manufacturers to Finance Department of Gujarat Government for a value of ₹ 1,00,000 instead of ₹ 10,00,000, Net GST payable by Kunj Manufacturers in cash during the period from July to February will be

- Ⓐ ₹ 15,88,800
- Ⓑ ₹ 83,800
- Ⓒ ₹ 82,800
- Ⓓ Nil

Answer: - (d) Nil

Calculation of net GST payable in cash by Kunj Manufacturers during the period from July to February:

| Particulars                                                                                                                                                                                                                | IGST | CGST       | SGST       | Total      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------|------------|------------|
| GST liability under Forward charge                                                                                                                                                                                         |      | 14,400     | 14,400     | 28,800     |
| Sale of goods to Surat Municipal Corporation (SMC) $[2,40,000 \times 6\%] =$                                                                                                                                               |      |            |            |            |
| Sale of goods to Finance Department of Gujarat Government $[1,00,000 \times 6\%] =$                                                                                                                                        | —    | 6,000      | 6,000      | 12,000     |
| Other sale $[15,00,000 \times 6\%] =$                                                                                                                                                                                      |      | 90,000     | 90,000     | 1,80,000   |
| Total liability from July to Feb                                                                                                                                                                                           |      | 1,10,400   | 1,10,400   | 2,20,800   |
| Less: ITC (CGST & SGST) [ see Que 2]<br>[ITC of CGST shall be utilized first for payment of CGST and then, for payment of IGST]<br>[ITC of SGST shall be utilized first for payment of SGST and then, for payment of IGST] |      | (1,41,000) | (1,41,000) | (2,82,000) |
| GST Payable under forward charge through Electronic Cash ledger from July to Feb                                                                                                                                           | NIL  | NIL        | NIL        | NIL        |
| Composition tax will not be calculated, since calculation has to be done from July to February                                                                                                                             |      |            |            |            |

## CASE SCENARIOS 19

Ms. Nitya, engaged in the trading of pipes, is registered under GST in the State of Gujarat. Total taxable turnover of Ms. Nitya from April to February in the current financial year is ₹ 40,00,000. Following is the information for the month of March of the said financial year:

1. Taxable value of outward supply ₹ 5,00,000; ₹ 2,500 additional charges collected from the customers toward taxes levied by the Municipal Authority.
2. Ms. Nitya went to Mumbai, Maharashtra for a business meeting and stayed in a hotel for two days. Hotel charged ₹ 10,000 (taxable value) for the stay.
3. Taxable value of other inward supplies is ₹ 2,00,000.
4. She also bought a life insurance policy for herself amounting to ₹ 11,100 (taxable value). (CGST ₹ 999, SGST ₹ 999).
5. She bought chairs for office purpose amounting to ₹ 10,000 (taxable value).

Followings additional information is also provided for the current financial year:

On 5th April, Ms. Nitya purchased a motor car, with a seating capacity of 5 persons, worth ₹ 6,00,000 and used it exclusively for business purpose and capitalized the same in the books of accounts. On the same day, she also bought 4 laptops worth ₹ 25,000 each. All the laptops are also capitalized in the books of accounts and no depreciation is claimed under the Income-tax Act, 1961 on the GST component of the same and ITC is availed on the same.

On 7th July, Ms. Nitya purchased an air conditioner worth ₹ 55,000 for office purpose and capitalized the same in the books of accounts.

On 31st December, Ms. Nitya decided to give the motor car, two laptops and the air conditioner to her brother - Mr. Darsh - a well-established businessman in Surat, Gujarat, without consideration. Open market value of the motor car, the air conditioner and the laptop on that day is ₹ 3,00,000, ₹ 40,000 and ₹ 15,000 (per laptop) respectively.

Note:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Ms. Nitya availed and utilized all the ITC for which she is eligible, but she did not avail the ITC on purchase of air conditioner.
3. All inward and outward supplies are intra-State supplies except the stay in hotel in Mumbai, Maharashtra.
4. Applicable rate of CGST is 6%, rate of SGST is 6% and rate of IGST is 12% on all inward and outward supplies.

5. 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. 19.1. to 19.5. as follows:-

#### Question 19.1

Upto which of the following date(s), Ms. Nitya has to maintain relevant books of accounts under the GST Law? Assuming that:

- I. the above information is provided for the financial year 2019-20 and Ms. Nitya is under investigation for an offence under Chapter XIX of the CGST Act, 2017, and such investigation was concluded on 31st December 2021.
  - II. the above information is provided for the financial year 2019-20 and Ms. Nitya is under investigation for an offence under Chapter XIX, and such investigation was concluded on 31st December 2026.
- (A) 31st December 2026 for Case-I and 31st December 2027 for Case-II.
  - (B) 31st December 2027 for the both the cases,
  - (C) 31st December 2026 for the both the cases.
  - (D) 31st December 2026 for Case-I and 31st December 2032 for Case-II.

**Answer: - (A)** 31st December 2026 for Case-I and 31st December 2027 for Case-II.

PERIOD OF RETENTION OF ACCOUNTS: SECTION 36

Where an appeal/ revision/any other proceedings before any Appellate/ Revisional Authority or Appellate Tribunal or Court, or an investigation is going on: shall retain the books of account and other records for a period of

- 1 year after final disposal of such appeal or revision or proceedings or investigation, or
- For 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records, whichever is later

Hence, following is the position

|                                                                           |          |                                                                           |          |
|---------------------------------------------------------------------------|----------|---------------------------------------------------------------------------|----------|
| Case 1: 2019-20 - investigation was concluded on 31st December 2021.      |          | Case 2: 2019-20 - investigation was concluded on 31st December 2026.      |          |
| Later of                                                                  |          | Later of                                                                  |          |
| (i) 31.12.21 + 1 year =                                                   | 31.12.22 | (i) 31.12.26 + 1 year =                                                   | 31.12.27 |
| (ii) 31.12.20 + 72 month                                                  | 31.12.26 | (ii) 31.12.20 + 72 month                                                  | 31.12.26 |
| Hence, Ms. Nitya has to maintain relevant books of accounts upto 31.12.26 |          | Hence, Ms. Nitya has to maintain relevant books of accounts upto 31.12.27 |          |

#### Question 19.2

Which of the following statements are correct?

1. Motor car given by Ms. Nitya to her brother is supply.
  2. Air conditioner given by Ms. Nitya to her brother is supply.
  3. Laptop given by Ms. Nitya to her brother is supply.
  4. Air conditioner given by Ms. Nitya to her brother is not supply.
- (A) Both 1 and 2
  - (B) Both 2 and 3
  - (C) Both 3 and 4
  - (D) Both 1 and 4

**Answer: - (c)** Both 3 and 4

|                                                                                                                 |                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Explanation. To sec 15: persons shall be deemed to be —related person if — they are members of the same family; | Sec 2(49) — family means, — the spouse and children of the person, and the parents, grandparents, brothers and sisters of the person if they are wholly or mainly dependent on the said person; |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

In our question, Nitya and his brother are not related person, since brother is not dependent on him (her Brother Mr. Darsh - a well-established businessman in Surat, Gujarat)

Further

|        |   |                                                                                                                                                              |
|--------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supply | = | Para 1, Schedule 1: Permanent transfer or disposal of business assets without consideration where input tax credit has been availed on such assets. = Supply |
| Supply | = | Para 2, Schedule 1: Supply of goods or services or both between related persons without consideration when made in the course or furtherance of business     |

On basis of above

|                                                                     |                                                                                                                                                                                                                        |
|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Motor car given by Ms. Nitya to her brother is supply.           | Not Correct: since it is not supply Para 1, Schedule 1: Not apply, since ITC of Motor vehicle below capacity of 13 person is blocked, hence ITC not availed Para 2, Schedule 1: Not apply, because not related person. |
| 2. Air conditioner given by Ms. Nitya to her brother is supply.     | Not Correct: since it is not supply Para 1, Schedule 1: Not apply, since ITC not availed [ given in Question itself] Para 2, Schedule 1: Not apply, because not related person.                                        |
| 3. Laptop given by Ms. Nitya to her brother is supply.              | Correct: it is supply Para 1, Schedule 1: Apply                                                                                                                                                                        |
| 4. Air conditioner given by Ms. Nitya to her brother is not supply. | Correct: it is not supply Para 1, Schedule 1: Not apply, since ITC not availed [given in Question itself] Para 2,, Schedule 1: Not apply, because not related person                                                   |

## Question 19.3

Total taxable outward supply by Ms. Nitya for the current financial year is –

- (A) ₹ 48,70,000  
 (B) ₹ 45,70,000  
 (C) ₹ 45,32,500  
 (D) ₹ 45,17,500

Answer: - (c) ₹ 45,32,500

|                                                                          |                                                                     |             |
|--------------------------------------------------------------------------|---------------------------------------------------------------------|-------------|
| Taxable Turnover-April to Feb                                            |                                                                     | ₹ 40,00,000 |
| For March month                                                          |                                                                     |             |
| Out ward supply with consideration                                       | ₹ 5,00,000 + ₹ 2500 (Municipal taxes recovered: added in 15(2) (a)) |             |
| Out ward supply without consideration                                    | ₹ 15000 × 2                                                         | ₹ 30,000    |
| OMV                                                                      |                                                                     |             |
| 1) Motor car                                                             | 3 Lac                                                               | Not supply  |
| 2 Laptop                                                                 | ₹ 15,000 each                                                       | Supply      |
| 1 AC                                                                     | ₹ 40,000                                                            | Not supply  |
| Total taxable outward supply by Ms. Nitya for the current financial year |                                                                     | ₹ 45,32,500 |

## Question 19.4

Total credit available for the month of March is\_\_\_\_\_.

(Assume that the opening balance of ITC for the relevant period is nil.)

- (A) IGST - ₹ 25,200  
 (B) IGST - ₹ 26,400  
 (C) CGST - ₹ 12,600, SGST - ₹ 12,600, IGST - ₹ 1,200  
 (D) CGST - ₹ 12,600, SGST - ₹ 12,600

Answer: - (d) CGST - ₹ 12,600, SGST - ₹ 12,600

Calculation of Total credit available for the month of March to Ms. Nitya, registered under GST in the State of Gujarat:

| Particulars                                                                                                     | Computation           | IGST(₹) | CGST(₹) | SGST(₹) |
|-----------------------------------------------------------------------------------------------------------------|-----------------------|---------|---------|---------|
| Hotel stay in Mumbai (Maharashtra) for 2 days                                                                   |                       |         |         |         |
| [here LOS = Maharashtra, POS = Maharashtra, hence it is                                                         |                       |         |         |         |
| intra-state supply in Maharashtra]                                                                              |                       |         |         |         |
| Input tax credit can't be taken by Ms. Nitya of Gujarat for intra-state supply of other state i.e., Maharashtra |                       |         |         |         |
| Other inward supplies                                                                                           | $2,00,000 \times 6\%$ | —       | 12,000  | 12,000  |
| bought a life insurance policy for herself ₹ [ITC Blocked in Sec 17(5) for life insurance]                      |                       | —       | —       | —       |
| Bought chairs for office purpose                                                                                | $10,000 \times 6\%$   | —       | 600     | 600     |
| Total credit available for the month of March                                                                   |                       | ....    | 12,600  | 12,600  |

#### Question 19.5

Tax payable by Ms. Nitya for the month of March is.....

(Assume that the opening balance of ITC for the relevant period is nil.)

- (A) CGST - ₹ 17,550 and SGST - ₹ 17,550  
 (B) CGST - ₹ 16,950 and SGST - ₹ 17,550  
 (C) CGST - ₹ 16,350 and SGST - ₹ 17,550  
 (D) CGST - ₹ 15,951 and SGST - ₹ 16,551

Answer: - (a) CGST - ₹ 17,550 and SGST - ₹ 17,550 Tax payable by Ms. Nitya for the month of March

| Particulars                                                                                                                                                                                                                    | IGST(₹) | CGST(₹) | SGST(₹) | Total    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|----------|
| GST liability under Forward charge                                                                                                                                                                                             |         |         |         |          |
| GST On outward supply of March $[5,02,500 \times 6\%] =$                                                                                                                                                                       |         | 30,150  | 30,150  | 60,300   |
| Total liability                                                                                                                                                                                                                |         | 30,150  | 30,150  | 60,300   |
| Less: ITC (CGST & SGST) [ see Que above]<br>[ITC of CGST shall be utilized first for payment of CGST and then, for payment of IGST]<br>[ITC of SGST shall be utilized first for payment of SGST and then, for payment of IGST] |         | 12,600  | 12,600  | 2,82,000 |
| GST Payable under forward charge through Electronic Cash ledger                                                                                                                                                                | NIL     | 17,550  | 17,550  | 35,100   |

**N O T E S**



## CASE SCENARIOS 20

Neha Chemical Pvt. Ltd. (hereinafter referred to as NCPL), a registered taxpayer in Surat, Gujarat, is engaged in manufacturing of chemical products. Poorva Fertilizers Pvt. Ltd. (hereinafter referred to as PFPL) of Dhule, Maharashtra approached NCPL for supply of chemical product.

NCPL supplied 20 tons of chemical product @ ₹ 1,00,000 per ton (taxable value) to PFPL on 1st October. The invoice for the supply has also been issued on the same date. Further, following additional amounts (in lump sum) are also charged from PFPL:

| Particulars                                                   | Amount (₹) |
|---------------------------------------------------------------|------------|
| Packing charges                                               | 25,000     |
| Extra charges for removal of impurities from chemical product | 50,000     |
| Transit insurance for transportation                          | 5,000      |
| Taxes levied by Municipal Authority                           | 4,500      |
| Transportation charges                                        | 35,000     |

As per the terms of the contract of supply, NCPL is required to deliver the chemical at the premises of PFPL. Therefore, NCPL hires a transporter for transportation of chemical. The lorry receipt indicates that freight (ignoring taxes) is payable by the receiver of goods.

On 4th October, NCPL has also received ₹ 2,00,000 as subsidy from the State Government for setting up chemical manufacturing plant in Surat, Gujarat.

As per the contract, PFPL is required to make payment within 20 days of supply. However, PFPL delayed the payment of consideration and made the payment on 25th December along with ₹ 28,000 as interest.

On 5th October, NCPL hired a motor car from Mr. Mehul, resident of Surat, Gujarat for its management team at Mumbai, Maharashtra for a business meeting. Mr. Mehul issued bill of ₹ 10,000 (including cost of fuel) for the same. Mr. Mehul has not charged any GST in the invoice raised for the same.

On 9th December, NCPL received technical consultancy service from TikTak Inc., its subsidiary company located in Singapore, without consideration. TikTak Inc. provides similar consultancy service to other clients for ₹ 50,000 (converted into Indian rupees).

On 15th December, security office located at the entry gate of NCPL has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Notes:

1. NCPL and PFPL are not related and price is the sole consideration for the supply.
2. All the amounts given above including interest on delayed payment of interest received from PFPL are exclusive of GST, wherever applicable.
3. Applicable rates of GST:

| Particulars                              | CGST | SGST | IGST |
|------------------------------------------|------|------|------|
| Supply of chemical product               | 9%   | 9%   | 18%  |
| Supply of service of hiring of motor car | 2.5% | 2.5% | 5%   |
| Supply of technical consultancy service  | 9%   | 9%   | 18%  |
| Supply of construction services          | 6%   | 6%   | 12%  |

4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 20.1. to 20.5. as follows:-

## Question 20.1

What is the gross tax liability (total of CGST + SGST + IGST) for the month of October?

- ₹ 3,82,010
- ₹ 2,50,640
- CGST - ₹ 16,350 and SGST - ₹ 17,550
- CGST - ₹ 15,951 and SGST - ₹ 16,551

Answer:-(a) ₹ 3,82,010

| Particulars                                                                             | Amount(₹) | Analysis                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sale of 20 tons of chemical product to PFPL of Dhule, Maharashtra [20 Ton x ₹ 1,00,000] | 20,00,000 |                                                                                                                                                                                  |
| Packing charges                                                                         | 25,000    | 15(2)(c): packing included in value                                                                                                                                              |
| Extra charges for removal of impurities from chemical product                           | 50,000    | 15(2)(c): charges for anything done in respect of goods included in value.                                                                                                       |
| Transit insurance for transportation                                                    | 5,000     | The given supply is a composite supply involving supply of goods and services (transport and insurance) where the principal supply is the supply of goods. Hence it is included. |
| Transportation charges                                                                  | 35,000    |                                                                                                                                                                                  |
| Taxes levied by Municipal Authority                                                     | 4,500     | 15(2)(c): any taxes except GST recovered included in value.                                                                                                                      |
| Taxable value for month of October                                                      | 21,19,500 |                                                                                                                                                                                  |

Interest received in month of December. Hence it forms part of value of December.

Calculation of gross tax liability (Total of CGST + SGST+ IGST) for the month of October:

| Particulars                                                                                                                                                                                                                                                                                                                                    | IGST(₹)  | CGST(₹) | SGST(₹) | Total(₹) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|----------|
| Sale of 20 tons of chemical product by NCPL, a registered in Surat, Gujarat to PFPL of Dhule, Maharashtra. It is interstate supply. [LOS = Gujarat, POS = Maharashtra i.e. where movement terminates of goods as per Sec 10(1)(a) [₹ 21,19,500 * 18%] =                                                                                        | 3,81,510 |         |         | 3,81,510 |
| GST liability under forward charge                                                                                                                                                                                                                                                                                                             | 3,81,510 | —       | —       | 3,81,510 |
| GST liability under reverse charge                                                                                                                                                                                                                                                                                                             |          |         |         |          |
| Hired a motor car from Mr. Mehul, resident of Surat, Gujarat. Mr. Mehul issued bill of ₹ 10,000 (including cost of fuel) for the same. Mr. Mehul has not charged any GST in the invoice raised for the same [Note 1] LOS= Surat, Gujarat, POS = Surat, Gujarat [Sec 12(2) i.e location of registered person] intra-state supply ₹ 10,000* 2.5% |          | 250     | 250     |          |
| Gross GST Payable under forward & reverse charge                                                                                                                                                                                                                                                                                               | 3,81,510 | 250     | 250     | 3,82,010 |

Note: as per Sec 9(3) read with notification

| Nature of service                                                                                                                                    | Supplied by                                                                                                                                                                 | To [i.e. recipient who is liable to pay tax under reverse charge] |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient | Any person, other than a body corporate who supplies the service to a body corporate and does not issue an invoice charging CGST @ 6% / IGST @ 12% to the service recipient | Anybody corporate, located in TT                                  |

## Question 20.2

Which of the following statements is/are not correct in the given case?

1. Subsidy received from the State Government will be included in the transaction value of the chemical product.
  2. Service received from TikTak Inc. is not supply.
  3. Service received from TikTak Inc. is supply.
  4. GST is not payable on service received from Mr. Mehul.
- (A) Only 1,2 and 3  
 (B) Only 2,3 and 4  
 (C) Only 1, 2 and 4  
 (D) Only 4

**Answer: - (c) Only 1,2 and 4**

|                                                                                                                   |                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1:- Subsidy received from the State Government will be included in the transaction value of the chemical product. | Incorrect: Subsidy received from Government not included in Value: Sec 15(2)(e)                                                                                                                                                |
| 2:- Service received from TikTak Inc. is not supply.                                                              | Incorrect: Para 4, Scheduled Import of services by a [person] from a related person outside India without consideration, in the course or furtherance of business is supply. TikTak Inc. is related person. Hence it is supply |
| 3:- Service received from TikTak Inc. is supply.                                                                  | Correct: See above. It is supply                                                                                                                                                                                               |
| 4:- GST is not payable on service received from Mr. Mehul.                                                        | Incorrect: NCPL is liable to pay GST under reverse charge on hiring of motor vehicle.                                                                                                                                          |

## Question 20.3

What is the time and place of supply for the interest paid on the delayed payment by PFPL?

- (A) 1st October and Surat, Gujarat  
 (B) 1st October and Dhule Maharashtra  
 (C) 25th December and Surat, Gujarat  
 (D) 25th December and Dhule, Maharashtra

**Answer(d) 25th December and Dhule, Maharashtra**

As per Sec 13(6) - For Int., Late Fee or Penalty for delay of consideration, TOS = Date of Receipt of Int./ Late Fee etc. i.e., 25th December

Further Place of supply = Place of Supply of Main transaction in which interest included in value. Since Main Supply is Supply of 20 Tons chemical products. Hence POS = Maharashtra i.e., where movement terminates of goods as per Sec 10(1)(a)

## Question 20.4

Assuming that there are no other transactions carried out by NCPL during October to December apart from the ones as mentioned in the case scenario, total ITC available during such period is -

- (A) ₹ 27,500  
 (B) ₹ 9,500  
 (C) ₹ 9,000  
 (D) Nil

**Answer: - (C) ₹ 9,500**

| Particulars                                                                                                                               | IGST | CGST | SGST |
|-------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|
| Service of hiring of motor car as per Sec 17(5) (a), IJC NOT AVAILABLE for MOTOR VEHICLE Seating capacity < 13 Person (including Driver). |      |      |      |
| Even ITC OF hiring or leasing of such motor vehicle is also not allowed                                                                   |      |      |      |

|                                                                                                                                                                                                                    |         |   |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---|-----|
| Import of technical consultancy service [₹ 50,000 × 18%]. As per sec 7 of IGST Act, import of service is inter-state supply.                                                                                       | ₹ 9,000 |   | —   |
| Renovation of security office and the same has been capitalized in the books of accounts. It is covered by works contract service relating to construction of immovable Property. ITC not allowed as per Sec 17(5) |         |   |     |
| Total ITC AVAILABLE                                                                                                                                                                                                | ₹ 9,000 | — | ... |

Note: ICAI Answer is incorrect.

#### Question 20.5

In the given case scenario, if TikTak Inc. is not subsidiary of NCPL and has supplied the technical consultancy service to NCPL without consideration,

- Ⓐ it will be an exempt supply,
- Ⓑ it will be a zero-rated supply,
- Ⓒ it will not be a supply.
- Ⓓ it will be a taxable supply.

Answer: - (c) it will not be a supply.

Import of service from related person without consideration = supply, if TikTak Inc. is not subsidiary of NCPL (i.e. not related Person) and has supplied the technical consultancy service to NCPL without consideration = NOT SUPPLY

#### CASE SCENARIOS 21

Vijayant Tours and Travels Ltd. (hereinafter referred to VTTL) is a registered taxable person under GST in Surat, Gujarat providing service of tours and travels. Following details of VTTL are available for the current financial year:

Total outward supply during the year: ₹ 1,95,00,000.

Total inward supply during the year: ₹ 1,65,00,000.

Total interest income earned on fixed deposit: ₹ 5,00,000

Following details relating to additional transactions (over and above the above-mentioned information) are also available:

VTTL provided a holiday package for 3 days in Lakshadweep and Lonawala (Maharashtra) to his customer - Mr. Vijay - resident of Surat, Gujarat. The package included travel from Surat, Gujarat to Lakshadweep and from Lakshadweep to Lonawala, Maharashtra and accommodation and complimentary breakfast in the hotels at both the places. The stay in Lakshadweep was for 2 nights and in Lonawala for 1 night. For the above service, VTTL charged a total of ₹ 10,000.

On return journey, Mr. Vijay arranged his travel on his own. Mr. Vijay bought two tickets of Air India over internet from Mumbai to Surat. He boarded the flight at Mumbai airport.

During the year, VTTL gave a tour package worth ₹ 65,000 to its employee Mr. Sandip free of cost on the occasion of his marriage.

VTTL booked a ticket for air travel for Mr. Ishwar for travelling to Delhi from Surat. The value of the air ticket was ₹ 8,000, out of which ₹ 7,500 was towards basic fare.

VTTL hired a security agency w.e.f. 1st April, M/s Five Star Security, a partnership firm, registered under GST in Surat, Gujarat to deploy security guards at its corporate office in Surat, Gujarat. M/s Five Star Security issues monthly invoice for ₹ 15,000.

During the year, security office located at the entry gate has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Note:

- All the amounts given above are exclusive of GST, wherever applicable.
- Rates of tax applicable on all inward and outward supplies are CGST and SGST - 9% each and IGST -18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 21.1. to 21.5. as follows: -

## Question 21.1

The place of supply in case of service provided by VTTL to Mr. Vijay is \_\_\_\_\_

both Lakshadweep and Mumbai, Maharashtra as service is received at both the places

- Ⓐ Lakshadweep as service is started at this place,  
 Ⓑ Lakshadweep as service is ended at this place,  
 Ⓒ Surat, Gujarat

Answer: - (d) Surat, Gujarat

It is assumed Mr. Vijay is not registered. Hence place of supply =

| 12(2) | PLACE OF SUPPLY (POS) GENERALLY (DEFAULT)                         |                                      |
|-------|-------------------------------------------------------------------|--------------------------------------|
|       | Services specified in sub-sections (3) to (14), —                 |                                      |
|       | (c) made to a registered person shall be the;                     | location of such person              |
|       | (d) made to any person other than a registered person shall be, — |                                      |
|       | (iii) where the address on record exists; and                     | location of the recipient            |
|       | (iv) in other cases                                               | location of the supplier of services |

Place of supply = location of the supplier (Surat, Gujarat), since address on record not exists of Mr. Vijay in records of M/s VTTL (supplier)

## Question 21.2

The place of supply in case of return journey of Mr. Vijay assuming that:

- (i) He is registered under GST and  
 (ii) He is not registered under GST.  
 Ⓐ (i) Mumbai, Maharashtra and (ii) Surat, Gujarat  
 Ⓑ (i) Surat, Gujarat and (ii) Mumbai, Maharashtra  
 Ⓒ Mumbai, Maharashtra in both the cases  
 Ⓓ Surat, Gujarat in both the cases

Answer: - (b)

(i) Surat, Gujarat and (ii) Mumbai, Maharashtra

Section 12 of IGST Act 2017 shall apply to determine the place of supply of services where the location of supplier (LOS) of services and the location of the recipient (LOR) of services is in India.

| 12(9) | POS FOR TRANSPORTATION SERVICES Supply of PASSENGER TRANSPORTATION |                                                                               |
|-------|--------------------------------------------------------------------|-------------------------------------------------------------------------------|
|       | SERVICE to-                                                        |                                                                               |
|       | (a) a registered person,                                           | location of such person;                                                      |
|       | (b) a person other than a registered person,                       | place where the passenger embarks on the conveyance for a continuous journey: |

Recipient (Mr. Vijay) is registered: POS = Location of Registered Person i.e. Surat, Gujarat

If Recipient (Mr. Vijay) is not registered: POS = place where the passenger embarks on the conveyance for a continuous journey i.e. Mumbai, Maharashtra

## Question 21.3

What will be the GST liability of VTTL in case of air ticket booking for Mr. Ishwar?

- Ⓐ ₹ 1,350.00  
 Ⓑ ₹ 67.50  
 Ⓒ ₹ 1,440.00  
 Ⓓ ₹ 72.00

Answer: - (b) ₹ 67.50

Booking Ticket by Air Travel agent - ATA- R 32(3)

Value = 5% of Basic Fare- IN CASE OF DOMESTIC BOOKING



Note: Basic Fare means Airfare on which commission is payable to air travel agent [i.e., not include taxes]  
Hence Value =  $7500 \times 5\% = ₹ 375$ . GST = 18% OF ₹ 375 = ₹ 67.50

## Question 21.4

What will be the gross tax liability of VTTL for the current financial year?

- Ⓐ ₹ 35,23,657.00  
Ⓑ ₹ 35,57,340.00  
Ⓒ ₹ 35,55,967.50  
Ⓓ ₹ 35,56,057.50

Answer:- (c) ₹ 35,55,967.50

|                                                                                                                                                                   |                |                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Calculation of Gross tax liability of VTTL for the current financial year:                                                                                        |                |                                                                                                                                               |
| Total outward supply during the year                                                                                                                              | ₹ 1,95,00,000  |                                                                                                                                               |
| Total interest income earned on fixed deposit                                                                                                                     | Exempt         | Exempt under Entry 34, but included in Aggregate T. O                                                                                         |
| Holiday package for 3 days to Mr. Vijay - resident of Surat, Gujarat                                                                                              | ₹ 10,000       |                                                                                                                                               |
| Tour package to its employee Mr. Sandip free of cost                                                                                                              | ₹ 65,000.      | Para 2, Schedule 1: gifts exceeding ₹ 50,000 in value in a financial year by an employer to an employee = supply of goods or services or both |
| AIR Travel Agent value - Booking for Ishwar = ₹ 7500 × 5% = ₹ 375                                                                                                 | ₹ 375          | Booking Ticket by Air Travel agent ATA- R 32(3)                                                                                               |
| Value = 5% of Basic Fare- IN CASE OF DOMESTIC BOOKING Note: Basic Fare means Airfare on which commission is payable to air travel agent [i.e., not include taxes] |                |                                                                                                                                               |
| Hence Value = ₹ 7500 × 5% = ₹ 375                                                                                                                                 |                |                                                                                                                                               |
| Taxable Turnover                                                                                                                                                  | ₹ 1,95,75,375  |                                                                                                                                               |
| GST @ 18% under forward charge                                                                                                                                    | ₹ 35,23,567.50 |                                                                                                                                               |
| GST under reverse charge for security service received by VTTL Registered in GST [15,000×12] ×18%                                                                 | ₹ 32,400       |                                                                                                                                               |
| Gross tax liability of VTTL                                                                                                                                       | ₹ 35,55,967.50 |                                                                                                                                               |

Note: SECURITY SERVICE:

| Nature of service                                                            | Supplied by                            | To                                  |
|------------------------------------------------------------------------------|----------------------------------------|-------------------------------------|
| Security services (services provided by way of supply of security personnel) | Any person other than a body corporate | A registered person, located in RCM |

Recipient pay GST under RCM

## Question 21.5

Which of the following statements is correct?

- Ⓐ Total aggregate turnover of VTTL is ₹ 2,00,75,375.  
Ⓑ Total aggregate turnover of VTTL is ₹ 2,00,83,000.  
Ⓒ Total aggregate turnover of VTTL is ₹ 2,00,10,375.  
Ⓓ Total aggregate turnover of VTTL is ₹ 1,95,75,375.

Answer: - (a) Total aggregate turnover of VTTL is ₹ 2,00,75,375.

Calculation of Aggregate Turnover:

|                                                                                                            |               |                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Total outward supply during the year                                                                       | ₹ 1,95,00,000 |                                                                                                                                               |
| Total interest income earned on fixed deposit                                                              | ₹ 5,00,000    | Exempt under Entry 34, but included in Aggregate T.O                                                                                          |
| holiday package for 3 days to Mr. Vijay - resident of Surat, Gujarat                                       | ₹ 10,000      |                                                                                                                                               |
| tour package to its employee Mr. Sandip free of cost                                                       | ₹ 65,000.     | Para 2, Schedule 1: gifts exceeding ₹ 50,000 in value in a financial year by an employer to an employee = supply of goods or services or both |
| AIR Travel Agent value - Booking for Ishwar = ₹ 7500 × 5% = ₹ 375                                          | ₹ 375         | Booking Ticket by Air Travel agent - ATA- R 32(3)                                                                                             |
| Value = 5% of Basic Fare- IN CASE OF DOMESTIC BOOKING                                                      |               |                                                                                                                                               |
| Note: Basic Fare means Airfare on which commission is payable to air travel agent [i.e. not include taxes] |               |                                                                                                                                               |
| Hence Value = ₹ 7500 × 5% = ₹ 375                                                                          |               |                                                                                                                                               |
| Aggregate Turnover                                                                                         | ₹ 2,00,75,375 |                                                                                                                                               |

## CASE SCENARIOS 22

Vispute Textile Pvt. Ltd. (hereinafter referred to as VTPL) is engaged in manufacturing and trading of textile products. Its head office is located in Surat, Gujarat. Besides, it has three other units - Darsh, Kunj and Nitya located in Mumbai (Maharashtra), Surat (Gujarat) and Pune (Maharashtra) respectively.

The head office (hereinafter referred to as VTPL-HO) and Units Kunj and Nitya are registered under GST. Unit Darsh is not registered under GST as it is exclusively engaged in supply of exempt goods. Further, VTPLHO in Surat, Gujarat is also separately registered under GST as Input Service Distributor (ISD).

VTPL-HO purchased goods worth ₹ 5,00,000 from Mr. Jayesh. However, such goods were directly sent to the premises of registered job worker, Mr. Dinesh, without being first received at VTPL's manufacturing unit.

Goods were cleared by supplier - Mr. Jayesh - on 10th April, but were received by the job worker on 16th April. The job worker carried out the job work and supplied the goods to M/s. Mahendra Enterprises on 13th April of next year on payment of tax on the direction of VTPL-HO. VTPL-HO has not declared Mr. Dinesh's premises as additional place of business in registration details on GSTN portal.

VTPL-HO bought a new motor vehicle worth ₹ 12,00,000 in exchange of old motor vehicle (Exchange value of old motor vehicle is ₹ 4,50,000) on 5th July, having seating capacity of 13 persons excluding the driver for the daily transport of its employees. Old motor vehicle was purchased 2 years before on 1st September for ₹ 8,00,000. Seating capacity of the old motor vehicle was 10 persons including driver. Rate of GST on motor vehicle is 18%.

On 25th July, VTPL-HO engaged Bahubali Ltd., a company (registered under GST in Mumbai, Maharashtra) dealing in textile machineries, to supply machineries worth ₹ 30,00,000 for a spinning unit to be set up at Satara, Maharashtra. Machineries are supplied in completely knocked down condition at the Satara unit and assembled by the engineers of Bahubali Ltd. Satara unit is yet to be registered under GST.

Following information is available in respect of the units for which VTPL is registered under GST as an ISD, for month of July:

| Input Service | CGST(₹) | SGST(₹) | IGST (₹) | Remarks                                                                                                                                              |
|---------------|---------|---------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| X             | 50,000  | 50,000  | -        | Used in Unit Darsh                                                                                                                                   |
| Y             | -       | -       | 1,20,000 | Used in Unit Nitya and Darsh                                                                                                                         |
| Z             | 4,000   | 4,000   |          | Used in Unit Kunj [Input Service Z is in respect of servicing of motor bike (with engine capacity of 120 cc) used in Kunj Unit for business purpose] |

Total turnover of the units for the last financial year are given under

| Unit  | Turnover (₹) |
|-------|--------------|
| Darsh | 15,00,000    |
| Kunj  | 8,00,000     |
| Nitya | 10,00,000    |

Note:

1. Applicable rate of CGST and SGST is 6% each and IGST is 12% on all inward and outward supplies, unless otherwise specified.
2. All the units are operational during the year unless specifically mentioned otherwise in the question.
3. All the amounts given above are exclusive of GST, wherever applicable.
4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 22.1. to 22.5. as follows:-

#### Question 22.1

Which of the following statements is/are correct in respect of the goods sent for job work to Mr. Dinesh?

1. VTPL is not eligible to take input tax credit as it has not declared the premises of the job worker as its additional place of business.
  2. VTPL is required to reverse the input tax credit as job worker returned the goods after 1 year from 10th April.
  3. VTPL is not required to reverse the input tax credit as job worker returned the goods before 1 year from 16th April.
  4. VTPL cannot directly sell the goods to M/s Mahendra Enterprises from job workers premises as VTPL has not declared the premises of the job worker as its additional place of business.
- Ⓐ (a) 1st and 4th  
 Ⓑ (b) 2nd and 4th  
 Ⓒ (c) Only 3rd  
 Ⓓ (d) Only 4th

Answer: - (c) Only 3rd

VTPL is not eligible to take input tax credit as it has not declared the premises of the job worker as its additional place of business.

Incorrect: As per Sec 19,

|                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                        |  |  |                                                                                        |                                                               |                                                                        |  |    |  |                         |                                        |                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--|--|----------------------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------|--|----|--|-------------------------|----------------------------------------|-------------------------------------|
|                                                                                                                                                                                       | <ul style="list-style-type: none"><li>Principal can take credit on goods (inputs and capital goods) sent for job work.</li><li>Credit can be taken even if the said goods are sent directly to job worker without being first brought to the principal's place of business.</li></ul> <p>Hence, there is no such condition of declaring the premises of the job worker as its additional place of business</p>                                                                                                                                                                                                                                                                                                                                                     |                                                                        |  |  |                                                                                        |                                                               |                                                                        |  |    |  |                         |                                        |                                     |
| VTPL is required to reverse the input tax credit as job worker returned the goods after 1 year from 10th April                                                                        | <p>Incorrect:</p> <table><tr><td>Time limit of</td><td></td><td></td></tr><tr><td><ul style="list-style-type: none"><li>return by Job worker or</li><li>supply</li></ul></td><td>BRING IP after Job worker/ otherwise within 1 year of sending</td><td>BRING CG except Moulds, dies, Jigs &amp; Fixture within 3 years of sending</td></tr><tr><td></td><td>Or</td><td></td></tr><tr><td>from Job Worker premise</td><td>SUPPLY IP after Job work within 1 year</td><td>SUPPLY CG within 3 years of sending</td></tr></table> <p>Further, if Input, directly sent to job-worker from supplier: 1 year counted from date of receipt by job- worker Hence 1 year counted from 16th April.<br/>Since goods are sold within 1 year of 16th April = No ITC Reversal</p> | Time limit of                                                          |  |  | <ul style="list-style-type: none"><li>return by Job worker or</li><li>supply</li></ul> | BRING IP after Job worker/ otherwise within 1 year of sending | BRING CG except Moulds, dies, Jigs & Fixture within 3 years of sending |  | Or |  | from Job Worker premise | SUPPLY IP after Job work within 1 year | SUPPLY CG within 3 years of sending |
| Time limit of                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                        |  |  |                                                                                        |                                                               |                                                                        |  |    |  |                         |                                        |                                     |
| <ul style="list-style-type: none"><li>return by Job worker or</li><li>supply</li></ul>                                                                                                | BRING IP after Job worker/ otherwise within 1 year of sending                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | BRING CG except Moulds, dies, Jigs & Fixture within 3 years of sending |  |  |                                                                                        |                                                               |                                                                        |  |    |  |                         |                                        |                                     |
|                                                                                                                                                                                       | Or                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                        |  |  |                                                                                        |                                                               |                                                                        |  |    |  |                         |                                        |                                     |
| from Job Worker premise                                                                                                                                                               | SUPPLY IP after Job work within 1 year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | SUPPLY CG within 3 years of sending                                    |  |  |                                                                                        |                                                               |                                                                        |  |    |  |                         |                                        |                                     |
| VTPL is not required to reverse the input tax credit as job worker returned the goods before 1 year from 16th April.                                                                  | Correct: see above                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                        |  |  |                                                                                        |                                                               |                                                                        |  |    |  |                         |                                        |                                     |
| VTPL cannot directly sell the goods to M/s Mahendra Enterprises from job workers premises as VTPL has not declared the premises of the job worker as its additional place of business | <p>Incorrect: if principal declares the place of business of the job worker as his additional place of business or</p> <ol style="list-style-type: none"><li>where the job worker is registered under section 25; or</li><li>where the principal is engaged in the supply of notified goods by the Commissioner.</li></ol>                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                        |  |  |                                                                                        |                                                               |                                                                        |  |    |  |                         |                                        |                                     |

## Question 22.2

Which of the following statements is true in context of input tax credit to be distributed by ISD VTPL-HO to Unit Kunj?

- Ⓐ CGST and SGST credit of ₹ 54,000 each and IGST credit of ₹ 1,20,000 will be distributed as IGST credit, to Unit Kunj in proportion to its turnover of preceding financial year to the total turnover of all the three units of the preceding financial year.
- Ⓑ Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of IGST of ₹ 8,000 to Unit Kunj.
- Ⓒ Credit of CGST and SGST of ₹ 4,000 each will be distributed as credit of IGST of ₹ 8,000 to Unit Kunj.
- Ⓓ Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of CGST and SGST of ₹ 4,000 each to Unit Kunj.

Answer: - (d) Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of CGST and SGST of ₹ 4,000 each to Unit Kunj.

## Computation of ITC to be distributed by ISD VTPL-HO Gujarat:

| S. No. | Particulars         | Unit -1 [Darsh]<br>[Maharashtra] (₹.) | Unit-2 [Kunj]<br>[Gujarat] (₹.) | Unit -3 [Nitya]<br>[Maharashtra] (₹.) |
|--------|---------------------|---------------------------------------|---------------------------------|---------------------------------------|
| (i)    | Input service<br>-X | IGST-1,00,000                         |                                 |                                       |
| (ii)   | Input service<br>-Y | IGST-72,000                           |                                 | IGST - 48,000                         |
| (iii)  | Input service<br>-Z |                                       | CGST- 4,000<br>SGST - 8,000     |                                       |
|        |                     | 1,72,000                              |                                 | 48,000                                |

1. IGST credit of ₹ 1,00,000, CGST credit of ₹ 50,000 and SGST credit of ₹ 50,000 specifically attributable to Darsh unit will be distributed as IGST credit of ₹ 1,00,000, since head office and Kunj unit are in different state [Sec 20 read with rule 39 of the CGST Rules, 2017]. Further Unit -1 [Darsh] will not take credit, since it provides exempt supply and unregistered person. It is to be noted that credit is to be distributed to unregistered entity also. Credit form part of cost of supply of that entity.
2. Eligible ITC of IGST [Rs. 1,20,000], will be distributed among the units and centres in the ratio of their turnover of the last F.Y [Section 20 read with rule 39 of the CGST Rules, 2017].
3. GST credit of ₹ 8,000, CGST credit of ₹ 4,000 and SGST credit of ₹ 4,000 specifically attributable to Kunj unit will be distributed as CGST credit of ₹ 4,000 and SGST credit of ₹ 4,000 respectively, since head office and Kunj unit are in same state [Sec 20 read with rule 39 of the CGST Rules, 2017].
4. Sec 2(28) of Motor Vehicle Act - motor vehicle or vehicle means any mechanically propelled vehicle for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer; but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or a vehicle having less than four wheels fitted with engine capacity of not exceeding [25 cubic centimeters.]
5. It means more than 25 cubic centimeters bike will be motor vehicle.

Input Service Z is in respect of servicing of motor bike (with engine capacity of 120 cc) used in Kunj Unit for business purpose.

Further, As per Sec 17(5)(a), ITC NOT AVAILABLE for MOTOR VEHICLE Seating capacity < 13 Person (including Driver) Motor bike (with engine capacity of 120 cc) is motor vehicle as per above definition. But credit not allowed as it is blocked in Sec 17(5)(a)

## Question 22.3

Place of supply of the machinery supplied by Bahubali Ltd. on 25th July and the tax charged thereon is:

- Ⓐ Surat, Gujarat; CGST and SGST
- Ⓑ Satara, Maharashtra; CGST and SGST
- Ⓒ Mumbai, Maharashtra; IGST
- Ⓓ Surat, Gujarat; IGST

Answer:- (b) Satara, Maharashtra; CGST and SGST

As per sed 10(1)(d) Of IGST Act, where Goods are assembled or installed at site POS = PLACE WHERE GOODS are ASSEMBLED or INSTALLED.

Hence POS = Satara, Maharashtra.

LOS = Bahubali Ltd [Mumbai, Maharashtra]

It is intra-state supply. Hence CGST + SGST Leviable.



## Question 22.4

Amount of ITC available on purchase of new motor vehicle in exchange of old motor vehicle as on 5th July is\_\_\_\_\_.

- Ⓐ Nil as ITC is blocked on motor vehicle under section 17(5) of the CGST Act, 2017
- Ⓑ ₹ 2,16,000
- Ⓒ ₹ 1,35,000
- Ⓓ ₹ 2,97,000

**Answer: - (b) ₹ 2,16,000 Analysis**

As per Sec 17(5)(a), ITC NOT AVAILABLE for MOTOR VEHICLE Seating capacity < 13 Person (including Driver) Since, new motor vehicle purchased is more than 13 person = credit allowed =  $12,00,000 \times 18\% = 2,16,000$

N O T E S

## CASE SCENARIOS 23

ABC Petroleum Limited is engaged in the business of refining and marketing of petroleum products. It has one refinery each in the States of Tamil Nadu, West Bengal & Maharashtra and numerous administrative and marketing offices spread across the country.

The company has separate marketing cum administrative offices for every major State and common administrative cum marketing offices for a group of small States e.g., all north-eastern States are covered under one marketing cum administrative office. The company also blends lubricants in its blending plants located in the States of Maharashtra and Tamil Nadu.

As a policy, all the places of business of the company in a State are registered under GST under one registration.

Imported crude is used as input in the refinery and following major products are extracted after refining process:

| Products chargeable to GST (Group A)        | Products not chargeable to GST (Group B) |
|---------------------------------------------|------------------------------------------|
| Base oil (An input for blending lubricants) | Petrol                                   |
| Furnace oil                                 | Diesel                                   |
| Bitumen (Used for road construction)        | Air turbine fuel                         |
| LPG (Domestic and Industrial)               |                                          |

Base oils are further sent to blending plants where they are blended with additives to produce lubricants. The company provides the following particulars for States of Tamil Nadu, Maharashtra and Kerala for the month of January:

| Particulars                                                                               | Tamil Nadu(₹) | Maharashtra (₹) |
|-------------------------------------------------------------------------------------------|---------------|-----------------|
| Value of supply inclusive of all taxes/duties (Group B products)                          | 1,650         | 3,400           |
| Value of supply (Group A products) before all taxes/duties                                | 100           | 200             |
| Excise duty leviable on supply of Group B products                                        | 500           | 1,000           |
| VAT on supply of Group B products                                                         | 250           | 600             |
| Tax paid on inputs and input services procured at the blending plant                      | 5             | 6               |
| Tax paid on spares procured at the refinery (Spares are booked in revenue account)        | 3             | 8               |
| Tax paid on inputs and input services procured at the marketing cum administrative office | 2             | 3               |
| Tax paid capital asset procured at the blending plant                                     | 0             | 5               |
| Tax paid capital asset procured at the refinery                                           | 12            | 0               |

Assume that all of the Group A products are chargeable to GST @ 18% (including both CGST and SGST or IGST, as the case may be). The opening balance of input tax credit of ABC Petroleum Limited for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Further, there is no other inward or outward supply transaction for ABC Petroleum Limited in January apart from the aforementioned transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 23.1 to 23.5. as follows: -

## Question 23.1

The value of company's supply in the Union Territory of Puducherry is ₹ 32,34,000 (Group A products) and in the State of Goa is ₹ 18,38,000 (Group A and Group B products) for the current financial year. GST registration is:

- Ⓐ not required for both Puducherry and Goa
- Ⓑ not required for Goa but required for Puducherry
- Ⓒ required for both Puducherry and Goa
- Ⓓ not required for Puducherry but required for Goa

**Answer: - (c) Required for both Puducherry and Goa**

As per Sec 22 read with Sec 25: Every supplier shall be liable to be registered in the State or Union territory, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds Registration threshold limit

(Aggregate Turnover Includes Value of all outward supplies = Taxable supplies + Exempt supplies + Exports + Inter-State supplies of persons having same PAN be computed on all India basis)

Aggregate Turnover = ₹ 32,34,000 + ₹ 18,38,000 = ₹ 50,72,000. Hence Registration required for both Puducherry and Goa

## Question 23.2

The eligible ITC attributable to taxable supply, available at marketing cum administrative office located in the State of Maharashtra, for the month of January, is:

- Ⓐ ₹ 3,000
- Ⓑ ₹ 300
- Ⓒ ₹ 166.67
- Ⓓ ₹ 1,500

**Answer: - (b) ₹ 300**

As per Rule 42 of CGST Rules

ITC attributable to Exempt Supply (D1)  $D1 = C2 \times E/F$  of Tax Period = common Credit (C2)  $\times$  Exempt Supply (E) / Total Turnover (F)

Note- Exempt Supply & Total TO taken excluding Excise duty/ VAT/CST

Common Credit. ITC Eligible (C3) = Common Credit (C2) - ITC attributable to Exempt Supply (D1)

$D1 = ₹ 3000 \times ₹ 1800 / ₹ 2000 = ₹ 2700$  [Where ₹ 3000 is the common credit]

[Where ₹ 1800 is Exempt Turnover [i.e., ₹ 3400 - ₹ 1000 - ₹ 600 = ₹ 1800]

[Where ₹ 2000 is Total Turnover [i.e., ₹ 1800 + ₹ 200 = ₹ 2000]

Eligible ITC = Common Credit - ITC Reversed = ₹ 3000 - ₹ 2700 = ₹ 300

## Question 23.3

The eligible ITC attributable to taxable supply in respect of the capital asset procured in the State of Tamil Nadu, for the month of January is:

- Ⓐ ₹ 12,000.
- Ⓑ ₹ 200.
- Ⓒ ₹ 11,811.11.
- Ⓓ ₹ 11,820.

**Answer:-(d) ₹ 11,820.**

Common credit for all CG having useful life in that tax period = (Tc)

Common Credit of CG during useful life for Tax Period (Tm) =  $Tc/60$

Note: Useful life of any CG = 5 years from date of invoice and above formula shall be applicable during the useful life of the said capital goods.

ITC attributable To Exempt Supply (Te) =  $Tr \times E(ES) / F(TS \text{ of State})$

Tr = ITC for all Common CG E(ES) = Exempt supply for Tax Period F(TS) = Total supply for Tax Period

Note- Exempt Supply & Total Supply taken excluding Excise duty/ VAT/CST

Te i.e. Reversal = ₹ 200  $\times$  ₹ 900 / ₹ 1000 = ₹ 180

[Where Tc = ₹ 12000 is the Common credit on Capital Goods]

[Where Tm = ₹ 12000/60 = ₹ 200 Common Credit for the Tax Period i.e. Month of Jan as life of asset is taken as 60 Months under GST law]

[Where ₹ 900 is Exempt Turnover [calculated as ₹ 1650 - ₹ 500 - ₹ 250 = ₹ 900]

[Where ₹ 1000 is Total Turnover [calculated as ₹ 900 + ₹ 100 = ₹ 1000]

Eligible ITC = Common Credit Availed - ITC Reversed = ₹ 12000 - ₹ 180 = ₹ 11820

#### Question 23.4

Lubricant valued at ₹ 10,000 has been stock transferred from the blending plant located in the State of Tamil Nadu to the refinery located in the same State, in the month of January.

The GST (CGST and SGST) payable on such transaction is:

- (A) Nil as the transaction is not a supply,
- (B) ₹ 900.
- (C) ₹ 1,800.
- (D) Nil as such supply is exempted from GST.

**Answer:- Nil as the transaction is not a supply.**

All the places of business of the company in a State = Single registration [As given in Que]

As both premises have same registration, they cannot be considered as distinct persons. Hence stock transfer within same state with single registration is not a supply.

#### Question 23.5

Due to sudden fire in the store-room of the refinery located in Maharashtra on 28th January, the entire quantity of spares procured in the month of January gets destroyed. What action is required from ABC Petroleum Limited?

- (A) No action is required on the part of ABC Petroleum Limited under GST Law.
- (B) ABC Petroleum Limited should report to jurisdictional GST Department for verification of the loss inputs on account of fire.
- (C) ABC Petroleum Limited should not avail ITC of tax paid on the spares.
- (D) ABC Petroleum Limited should avail ITC and reverse the same.

**Answer: - (c) ABC Petroleum Limited should not avail ITC of tax paid on the spares.**

As per Sec 17(5): ITC not available on goods lost or destroyed.

**N O T E S**

## CASE SCENARIOS 24

Dumdum Engineering Private Limited (DEPL), Surat (Gujarat), a supplier of heavy machinery, supplied a machine to Gulati Manufacturers from its godown located in Mumbai, Maharashtra, on 1st January at a price of ₹ 64,00,000 (excluding all taxes). Gulati Manufacturers has its corporate office in New Delhi.

However, the machinery was installed at its manufacturing unit located in Gurugram (Haryana) for which installation and commissioning charges of ₹ 4,80,000 and handling and loading charges of ₹ 1,60,000, were charged by DEPL. For every machinery supplied, DEPL receives a grant of ₹ 3,20,000 from its holding company Dharam Ltd.

Transportation of machinery to the customer's premises is arranged by DEPL through a third-party service provider [Goods Transport Agency (GTA)]. Gulati Manufacturers entered into a separate service contract with the GTA and paid the freight of ₹ 50,000 directly to it. DEPL offered a cash discount of 2% on the price of the machinery at the time of supply since Gulati Manufacturers agreed to make the payment within 15 days of the receipt of the machinery at its premises. However, it was agreed that in case Gulati Manufacturers failed to make the payment within the stipulated time, DEPL would recover the discount given and charge interest @ 1% per month or part of the month on the total amount due (including discount recovered) from Gulati Manufacturers (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is to be charged on the tax dues. Gulati Manufacturers paid the consideration for the machine on 31st March. Since the payment was made after the stipulated period of 15 days of the receipt of the machinery, discount given was recovered from it and interest was accordingly charged. However, Gulati Manufacturers refused to pay tax on interest and discount recovered.

Note:

1. Assume the rates of taxes to be as under:

| Supply                                      | CGST rate | SGST rate | IGST rate |
|---------------------------------------------|-----------|-----------|-----------|
| Supply of machinery                         | 6%        | 6%        | 12%       |
| Service of transportation of goods          | 2.5%      | 2.5%      | 5%        |
| Other services involved in the above supply | 9%        | 9%        | 18%       |

2. All the above transactions are exclusive of GST, wherever applicable.
3. The opening balance of input tax credit of DEPL for the relevant tax period is Nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 24.1 to 24.5 as follows:-

## Question 24.1

The place of supply of the machinery supplied by DEPL is and the nature of supply is\_\_\_\_\_.

- Ⓐ Gujarat, intra-State supply
- Ⓑ Haryana, inter-State supply
- Ⓒ New Delhi, inter-State supply
- Ⓓ Maharashtra, inter-State supply

Answer: - (b) Haryana, inter-State supply

In the given case-

- the location of the supplier is Godown located in Mumbai (Maharashtra); and
- the place of supply of machinery is the place of installation of the machinery i.e., Gurugram (Haryana) in terms of section 10(1)(d) of the IGST Act, 2017.

Therefore, the given supply is an inter-State supply as the location of the supplier and the place of supply are in two different States [Section 7(1)(a) of IGST Act, 2017], Thus, the supply will be leviable IGST in terms of section 5(1) of the IGST Act, 2017



## Question 24.2

The GST liability of DEPL for the month of January is (approx.).

- Ⓐ ₹ 9,46,660  
 Ⓑ ₹ 8,67,840  
 Ⓒ ₹ 9,06,153  
 Ⓓ ₹ 8,29,440

**Answer: - (b) ₹ 8,67,840**

[Value = ₹ 64,00,000 + ₹ 4,80,000 + ₹ 1,60,000 + ₹ 3,20,000 - ₹ 1,28,000 = ₹ 72,32,000]

| Price of Machine                                                                                                                                                                                                                     | ₹ 64,00,000 | Analysis-                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Installation and commissioning charges                                                                                                                                                                                               | ₹ 4,80,000  | Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods is includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017. |
| Handling and loading charges                                                                                                                                                                                                         | ₹ 1,60,000  | All incidental expenses charged by the supplier to the recipient of a supply are includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017                                                       |
| Grant of from its holding company Dharam Ltd                                                                                                                                                                                         | ₹ 3,20,000  | Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments are includible in the value of supply in terms of section 15(2)(e) of the CGST Act, 2017.           |
| Less cash Discount                                                                                                                                                                                                                   | ₹ 1,28,000  | Cash discount was deducted by ABC Ltd. upfront at the time of supply on August 1, 20XX and hence, the same is from the value excluded of supply as it did not form part of the transaction value                        |
| Taxable value                                                                                                                                                                                                                        | ₹ 72,32,000 |                                                                                                                                                                                                                         |
| GST [₹ 72,32,000 * 12%]                                                                                                                                                                                                              | ₹ 8,67,840  | The given supply is a composite supply involving supply of goods(machinery) and services (handling and loading and installation and commissioning) where the principal supply is the supply of goods.                   |
| As per section 8(a) of the CGST Act, 2017, a composite supply is treated as a supply of the principal supply involved therein and charged to tax accordingly. Thus, tax rate applicable to the goods (machinery) has been considered |             |                                                                                                                                                                                                                         |

Transportation cost has not been included in the value of supply of the machinery as it is a separate service contract between the customer and the third-party service provider. The customer pays the freight directly to the service provider. The supplier (DEPL), in this case, merely arranges for the transport and does not provide the transport service on its own account. Tax will be separately levied on the supply of service of transportation of goods under reverse charge which will be paid by the customer.

## Question 24.3

The GST liability of DEPL for the month of March is \_\_\_\_\_ (approx.).

- Ⓐ ₹ 36,343  
 Ⓑ ₹ 36,504  
 Ⓒ ₹ 35,314  
 Ⓓ Nil

Answer: - (a) ₹ 36,343

|                                                                                                                               |            |                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recovery of discount                                                                                                          | ₹ 1,28,000 | Interest for the delayed payment of any consideration for any supply is includible in the value of supply in terms of section 15(2)(d) of the CGST Act, 2017. Further, cash discount recovered will also be includible in the value of supply as now the transaction value i.e., the price actually paid for the machinery is devoid of any discount. |
| Interest @1% P.m for 3 months (1 Jan to 31 March)<br>[₹ 64,00,000 + ₹ 4,80,000 + ₹ 1,60,000]<br>= ₹ 70,40,000 * 1% * 3 months | ₹ 2,11,200 |                                                                                                                                                                                                                                                                                                                                                       |
| Value Including GST                                                                                                           | ₹ 3,39,200 |                                                                                                                                                                                                                                                                                                                                                       |
| GST = ₹ 3,39,200 × 12/112                                                                                                     | ₹ 36,343   |                                                                                                                                                                                                                                                                                                                                                       |

## Question 24.4

Supply of machinery and supply of installation and commissioning services is \_\_\_\_\_ supply. Time of supply of interest received by DEPL and cash discount recovered on account of delayed payment of consideration is \_\_\_\_\_.

- Ⓐ composite, 31st March  
 Ⓑ composite, 1st January  
 Ⓒ mixed, 1st January  
 Ⓓ mixed, 31st March

Answer: - (a) composite, 31st March

| Composite supply: 2(30)                                                                                                                                                                                                                                                  | Analysis                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Consist of 2 or more taxable supplies of goods/ service/ both</li> <li>Naturally bundled and</li> <li>supplied In conjunction with each other in ordinary course of business</li> <li>One of which is principal supply</li> </ul> | In our question Supply of machinery = Principal supply supply of installation and commissioning services = Ancillary Supply<br>Hence it is composite supply |
| Example: Charger supplied along with mobile phones                                                                                                                                                                                                                       |                                                                                                                                                             |
| As per Sec 8: Tax liability shall be rate of principal supply                                                                                                                                                                                                            |                                                                                                                                                             |
| As per Sec 13(6) - For Int- Late Fee or Penalty for delay of consideration. TOS = Date of Receipt of Int./ Late Fee etc. i.e 31st March                                                                                                                                  | As per sec 8: Rate of Principal supply                                                                                                                      |

## Question 24.4

If the grant of ₹ 3,20,000 received by DEPL had been received from Central Government instead of its holding company Dharam Ltd., with other facts remaining the same, the GST liability of DEPL for the month of January would have been (approx.).

- (A) ₹ 9,46,660
- (B) ₹ 8,67,840
- (C) ₹ 9,06,153
- (D) ₹ 8,29,440

Answer: - (d) ₹ 8,29,440

As per Sec 15(2)(e): Subsidy received from government not included in value.

[Value = ₹ 64,00,000 + ₹ 4,80,000 + ₹ 1,60,000 - ₹ 1,28,000 = ₹ 69,12,000]

[Tax = ₹ 69,12,000 \* 12% = ₹ 8,29,440]

N O T E S

## CASE SCENARIOS 25

Starkart Limited owns and operates a web portal in the name of "Starkart" and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52 of the CGST Act, 2017.

Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.

For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods.

The payment is made by the customers through the payment gateway in online mode only.

At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.

The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for third party sellers.

In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer.

Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

a) Laptop having a value of ₹ 50,000 and a printer having a value of ₹ 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.

b) Mobile phone having a value of ₹ 30,000 sold by Starkart in its own capacity.

c) CCTV camera system having a value of ₹ 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

All the amounts given above are exclusive of GST, wherever applicable. The opening balance of input tax credit for the relevant tax period for Starkart, Infocom Limited and Secure World is nil. Further, there is no other inward or outward supply transaction for Starkart, Infocom Limited and Secure World in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified: CGST - 9%, SGST - 9%, IGST -18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 25.1 to 25.4. as follows: -

## Question 25.1

The Net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart Limited for the month of January is:

- Ⓐ IGST - ₹ 8,280  
 Ⓑ IGST - ₹ 5,400  
 Ⓒ CGST - ₹ 3,500 and SGST - ₹ 3,500  
 Ⓓ IGST - ₹ 9,880

Answer: - (d) IGST - ₹ 9,880

| Particulars                                                                                                                                    | IGST(₹) | CGST(₹) | SGST(₹) | Total(₹) |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|----------|
| GST liability under Forward charge as supplier:                                                                                                |         |         |         |          |
| Sale of Mobile phone of ₹ 30,000 to Pulkit, (Rajasthan), LOS = Delhi, POS = Rajasthan (where movement of goods terminates as per Sec 10(1)(a)) |         |         |         |          |
| IGST on ₹ 30,000 [₹ 30,000 × 18%] = ₹ 5400                                                                                                     | 5,400   |         |         | 5,400    |

|                                                                                                                                                                                        |       |     |     |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|-----|-------|
| Listing Fee from Infocom Limited, a seller listed on Starkart (Uttar Pradesh) = 10% of 60,000 = ₹ 6,000, [LOS = Delhi, POS = Uttar Pradesh i.e., Place of Registered Person Sec 12(2)] |       |     |     |       |
| IGST = ₹ 6000 × 18% = ₹ 1080                                                                                                                                                           | 1,080 |     |     | 1,080 |
| Listing Fee from Secure World, listed on Starkart (Gujarat) = 10% of ₹ 1,00,000 = ₹ 10,000, [LOS = Delhi, POS = Gujarat i.e. Place of Registered Person Sec 12(2)]                     |       |     |     |       |
| IGST = ₹ 1000 × 18% = ₹ 1,800                                                                                                                                                          | 1,800 |     |     | 1,800 |
| GST liability as Tax collector:                                                                                                                                                        |       |     |     |       |
| On supplies of Infocom Limited (U.P) listed on Starkart<br>TCS(IGST) = 1% of ₹ 60,000 = ₹ 600                                                                                          | 600   |     |     | 600   |
| On supplies of Secure World, (Gujarat) listed on Starkart<br>TCS(IGST) = 1% of ₹ 1,00,000 = ₹ 1,000                                                                                    | 1,000 |     |     | 1,000 |
| IGST (Net tax liability (including tax collection at source))                                                                                                                          | 9,880 | Nil | Nil | 9,880 |

## Question 25.2

The Net tax liability (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:

- (A) IGST - ₹ 10,800 and IGST - ₹ 18,000 respectively  
 (B) IGST - ₹ 9,720 and IGST - ₹ 16,200 respectively  
 (C) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively  
 (D) IGST - ₹ 10,200 and IGST - ₹ 17,000 respectively

Answer: - (c) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively Net tax liability (after set-off of credits, if any) of Infocom Limited

| GST liability under Forward charge:                                                                                                                                                        |         |         |         |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|----------|
| Particulars                                                                                                                                                                                | IGST(₹) | CGST(₹) | SGST(₹) | Total(₹) |
| Sale Laptop - ₹ 50,000 and printer - ₹ 10,000 to Pulkit, (Rajasthan)                                                                                                                       |         |         |         |          |
| LOS = U.P, POS = Rajasthan (where movement of goods terminates as per Sec 10(l)(a))                                                                                                        |         |         |         |          |
| IGST on ₹ 60,000 [₹ 60,000 × 18%] = ₹ 10,800                                                                                                                                               | 10,800  |         |         | 10,800   |
| Less: ITC (IGST) of Listing Fee = 10% of ₹ 60,000 = ₹ 6,000,                                                                                                                               |         |         |         |          |
| IGST = ₹ 6000 × 18% = ₹ 1080                                                                                                                                                               |         |         |         |          |
| [ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio]                                                                 | (1,080) |         |         | (1,080)  |
| GST Payable under forward charge                                                                                                                                                           | 9,720   | Nil     | Nil     | 9,720    |
| Less: TCS Balance available in Electronic cash ledger [TCS - IGST collected by Starkart & deposited to Govt. Credited to Electronic Cash ledger of Infocom Limited) 1% of ₹ 60,000 = ₹ 600 | (600)   | Nil     | Nil     | (600)    |
| Net tax liability (after set-off of credits, if any) of Infocom Limited                                                                                                                    | 9,120   |         |         | 9,120    |



Net tax liability (after set-off of credits, if any) of Secure World:

| GST liability under Forward charge                                                                                                   |               |         |         |               |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------|---------|---------|---------------|
| Particulars                                                                                                                          | IGST(₹)       | CGST(₹) | SGST(₹) | Total(₹)      |
| Sale CCTV camera ₹ 1,00,000 to Pulkit, (Rajasthan)<br>LOS = Gujarat,                                                                 |               |         |         |               |
| POS = Rajasthan (where movement of goods terminates as per Sec 10(l)(a)).                                                            |               |         |         |               |
| IGST on ₹ 1,00,000 [ $1,00,000 \times 18\%$ ] = ₹ 18,000                                                                             | 18,000        |         |         | 18,000        |
| Less: ITC (IGST) of Listing Fee =10% of ₹ 1,00,000= ₹ 10,000.                                                                        |               |         |         |               |
| IGST = ₹ 10000 $\times 18\%$ = ₹ 1800                                                                                                |               |         |         |               |
| [ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio]           | (1,800)       |         |         | 1,800         |
| GST Payable under forward charge                                                                                                     | 16,200        | Nil     | Nil     | 16,200        |
| Less: TCS Balance available in Electronic cash ledger                                                                                |               |         |         |               |
| [TCS - IGST collected by Starkart at deposited to Govt. Credited to Electronic Cash ledger of Secure World 1% of ₹ 1,00,000= ₹ 1000] | (1,000)       | Nil     | Nil     | (600)         |
| <b>Net tax liability (after set-off of credits, if any) of Infocom Limited</b>                                                       | <b>15,200</b> |         |         | <b>15,200</b> |

#### Question 25.3

In case it is assumed that Secure World's turnover does not exceed the threshold limit for obtaining registration under applicable GST Law,

- Ⓐ Secure World shall discharge tax only on the sales made through Starkart.
- Ⓑ Secure World is not required to obtain registration as threshold limit for obtaining registration is not crossed and no tax is payable.
- Ⓒ Starkart shall be liable to discharge tax liability of sales made by Secure World.
- Ⓓ Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.

**Answer:- (d) Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.**

As per Sec 24, Compulsory registration irrespective of Turnover:

Persons who supply goods, through ECO who is required to collect tax at source under section 52. Since Secure World is making supply through ECO(Starkart) who is required to collect tax at source.

Hence as per Sec 24, Secure World is required to obtain registration mandatorily.

Registered Person is covered in definition of Taxable Person.

**As per Sec 9 CGST/Sec 5 IGST, Every Taxable person making supply liable to pay tax on all taxable supplies made**

#### Question 25.4

Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January. As per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited. The Net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart in such scenario for the month of January would be:

- (A) ₹ 6,900 payable as IGST.  
 (B) ₹ 3,450 payable as CGST and ₹ 3,450 payable as SGST.  
 (C) ₹ 10,320 payable as IGST.  
 (D) ₹ 7,440 payable as IGST.

**Answer: - (c) ₹ 10,320 payable as IGST.**

| Particulars                                                                                                                                                                         | IGST(₹)       | CGST(₹)    | SGST(₹)    | Total(₹)      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------|------------|---------------|
| GST liability under Forward charge as supplier:                                                                                                                                     |               |            |            |               |
| Sale of Mobile phone of ₹ 30,000 to Pulkit, (Rajasthan), LOS = Delhi, POS = Rajasthan (where movement of goods terminates as per Sec 10(l)(a)),                                     |               |            |            |               |
| IGST on ₹ 30,000 [30,000 × 18%] = ₹ 5400                                                                                                                                            | 5,400         |            |            | 5,400         |
| Listing Fee from Infocom Limited, a seller listed on Starkart (Uttar Pradesh) = 10% of 60,000 = 6,000, [LOS = Delhi, POS = Uttar Pradesh i.e. Place of Registered Person Sec 12(2)] |               |            |            |               |
| IGST = ₹ 6000 × 18% = ₹ 1080                                                                                                                                                        | 1,080         |            |            | 1,080         |
| Listing Fee from Secure World, listed on Starkart (Gujarat) = 10% of 1,00,000 = 10,000, [LOS = Delhi, POS = Gujarat i.e., Place of Registered Person Sec 12(2)]                     |               |            |            |               |
| IGST = ₹ 1000 × 18% = ₹ 1,800                                                                                                                                                       | 1,800         |            |            | 1,800         |
| Sale Return: Cancellation charges from customer:                                                                                                                                    |               |            |            |               |
| IGST = 20% of the value of goods returned [₹ 20,000 × 10% × 18%]                                                                                                                    | 360           |            |            |               |
| Sale Return: Handling charges for return of goods from seller                                                                                                                       |               |            |            |               |
| IGAT = 10% of                                                                                                                                                                       |               |            |            |               |
| the value of goods returned [₹ 10,000 × 10% × 18%]                                                                                                                                  | 180           |            |            |               |
| GST liability as Tax collector:                                                                                                                                                     |               |            |            |               |
| On supplies of Infocom Limited (U.P) listed on Starkart TCS(IGST) = 1% of [₹ 60,000 - ₹ 10,000] = ₹ 500                                                                             |               |            |            |               |
| TCS is on net value of taxable supply. Net value excludes sale return. Hence sale return deducted while calculating TCS.                                                            | 500           |            |            | 600           |
| On supplies of Secure World, (Gujarat) listed on Starkart TCS(IGST) = 1% of ₹ 1,00,000 = ₹ 1,000                                                                                    | 1,000         |            |            | 1,000         |
| <b>IGST (net tax liability (including tax collection at source))</b>                                                                                                                | <b>10,320</b> | <b>Nil</b> | <b>Nil</b> | <b>10,320</b> |

## CASE SCENARIOS 26

Advance Traders is a partnership firm in Jaipur, Rajasthan. The firm has obtained GST registration at its Head Office (HO) in Jaipur. Further, the firm is having its depot for storage for goods in other districts in Rajasthan. The depots are added as additional place of business in the GST registration obtained at HO. Following details are provided about the firm for the month of July:

- Advance Traders received goods worth ₹ 5,00,000 for which GST is payable on reverse charge basis. The goods were received on 25th July. The supplier issued an invoice dated 24th July and payment for the same was made by Advance Traders on 30th July. Due to the absence of accountant, the transaction was recorded in the books of accounts on 1st August.
- In the month of July, Advance Traders issued vouchers worth ₹ 2,00,000 to its customers, which were eligible to be redeemed against identified goods. Also, certain set of customers were issued vouchers worth ₹ 5,00,000. The said vouchers were eligible to be redeemed against any supply of goods in next 6 months.
- Mr. X, a partner in the firm, booked a Hotel in Udaipur, Rajasthan for the wedding of his daughter in the month of October. The advance amount of ₹ 5,00,000 for booking the hotel was paid by way of online payment from the current account of Advance Traders in July. The hotel charged GST on such booking at the rate of 28% (CGST @ 14% and SGST @ 14% or IGST @ 28%, as the case may be) on the amount received as advance and issued a receipt voucher.
- Advance Traders made a supply of goods worth ₹ 25,00,000 during the month of July. Out of the aforesaid supply, goods worth ₹ 5,00,000 were not liable to GST. However, Advance Traders inadvertently charged GST on such goods and collected the same from the customers.
- Due to clerical error, Advance Traders made a deposit in minor head penalty of the major head IGST for an amount of ₹ 3,00,000. There is no liability of interest on any IGST liability and the amount is lying as unutilized on GST portal.

The opening balance of input tax credit is nil for all the registrations. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. All the above transactions are exclusive of GST, wherever applicable.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified: Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 26.1. to 26.5. as follows: -

## Question 26.1

Compute the GST liability to be discharged from electronic cash ledger for the month of July by Advance Traders. For computing this liability, consider that there is no adjustment regarding amount provided in point e. above:

- ₹ 5,76,000
- ₹ 4,36,000
- ₹ 3,96,000
- ₹ 4,86,000

Answer: - (d) ₹ 4,86,000

CGST - 9%, SGST - 9%, IGST -18%.

| Particulars                                                                                                                                               | GST(₹ )  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Issued vouchers to be redeemed against identified goods [₹ 2,00,000x 18%]                                                                                 | 36,000   |
| Issued vouchers to be redeemed against any supply of goods in next 6 months [Taxable at time of redemption, not at time of issue (i.e. in month of July)] | Nil      |
| Outward taxable supply of goods [20,00,000x 18%]                                                                                                          | 3,60,000 |
| Exempt supply of goods [5,00,000* 18%] [As per Sec 76, GST collected on Exempted supply to be paid immediately]                                           | 90,000   |
| GST UNDER FORWARD CHARGE                                                                                                                                  | 4,86,000 |
| Less: ITC OF inward supply of goods on which GST Paid under reverse charge                                                                                | (90,000) |
| Net GST UNDER FORWARD CHARGE                                                                                                                              | 3,96,000 |
| GST Payable under reverse charge from electronic cash ledger                                                                                              | 90,000   |

|                                                                                                                                                               |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Reverse Charge -12(3). TIME OF SUPPLY = EARLIER OF                                                                                                            |          |
| (i) Date of receipt of goods, (ii) Date of Payment, (iii) 31st day from Supplier Date of Invoice Note- DOP = (Book Entry or Bank Debit) which ever is earlier |          |
| GST liability to be discharged from electronic cash ledger                                                                                                    | 4,86,000 |

## Question 26.2

Amount of input tax credit available to Advance Traders against the hotel booking expense shall be \_\_\_\_\_. Would there be any change if the hotel is located outside Rajasthan?

- Ⓐ Nil. There will be no change even if hotel is located outside Rajasthan,
- Ⓑ ₹ 70,000 as CGST and ₹ 70,000 as SGST. No credit would be available, had the hotel been located outside Rajasthan,
- Ⓒ ₹ 70,000 as CGST and ₹ 70,000 as SGST. IGST of ₹ 1,40,000 would be available, had the hotel been located outside Rajasthan.
- Ⓓ Nil. IGST of ₹ 1,40,000 would be available, had the hotel been located outside Rajasthan.

**Answer: - (a) Nil.** There will be no change even if hotel is located outside Rajasthan. Since hotel booking is Mr. X, a partner, for the wedding of his daughter (i.e. not] related to business). Hence credit not allowed.

## Question 26.3

What is the time limit for issuance of show cause notice where GST is collected on supplies which are not liable to GST?

- Ⓐ Within 2 years and 9 months from due date of filing annual return for the financial year
- Ⓑ Within 4 years and 6 months from due date of filing annual return for the financial year )
- Ⓒ No time limit to issue the show cause notice
- Ⓓ No show cause notice to be issued. The tax amount shall be refunded to the customers if the customer demands the same.

**Answer:- (c)**

No time limit to issue the show cause notice Sec 76: Tax collected but not paid to Government

|       |                                                                     |                                                                                                                    |
|-------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|       |                                                                     |                                                                                                                    |
| 76(1) | Amount representing tax collected from any person to be paid to CG: | immediately, irrespective of whether the supplies in respect of which such amount was collected are taxable or not |
| 76(2) | Issue of SCN by Proper officer (No time limit):                     | if such amount is not paid for such amount and Penalty = such amount                                               |

## Question 26.4

Advance Traders claimed refund of amount paid erroneously in the minor head penalty of major head IGST. The authorities rejected the refund claim. Advance Traders filed a civil suit before the jurisdictional magistrate. Choose the correct answer:

- Ⓐ The jurisdictional magistrate can direct the authorities to process the refund amount,
- Ⓑ The jurisdictional magistrate can redirect the matter for fresh assessment of refund claim.
- Ⓒ The jurisdictional magistrate can order provisional refund and initiate the re-assessment proceedings,
- Ⓓ The jurisdictional magistrate cannot pass any order regarding the refund claim.

**Answer: - (d) The jurisdictional magistrate cannot pass any order regarding the refund claim.**

For Refund application is filed u/s 54. If Refund is rejected, then person has to file Appeal as provided in GST Law.

Further as per SECTION 162. Bar on jurisdiction of civil courts. — Save as provided in sections 117 and 118 (i.e Appeal to HC/SC), no civil court shall have jurisdiction to deal with or decide any question arising from or relating to anything done or purported to be done under this Act.

Hence Civil Court has no jurisdiction to deal with or decide any question arising from or relating to anything done or purported to be done under this Act.

## Question 26.5

Advance Traders wants to utilize the amount paid erroneously in the minor head penalty of the major head IGST against its tax liability to be discharged in cash. Please select the correct option assuming that all the procedural requirements for the same will also be duly complied with.

- Ⓐ The amount can be utilized only for discharging penalty amount under any head,
- Ⓑ The amount can be utilized only for discharging liability of IGST under any minor head,
- Ⓒ The amount can be utilized for discharging liability under any minor head or major head,
- Ⓓ The amount can be utilized only for discharging penalty amount related to IGST.

**Answer: - (c) The amount can be utilized for discharging liability under any minor head or major**

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sec 49(10)</b> | A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax (IGST), central tax (CGST), State tax (SGST), Union territory tax (UTGST) or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act. |
|                   | Rule 87(13): A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in FORM GST PMT-09.                                                                                                                                                                                            |

Advance Trader has to transfer from one head to another by filing FORM GST pmt-09.

## CASE SCENARIOS 27

William & Sons (WS) is a partnership firm, registered under GST, engaged in manufacturing activity in the State of Rajasthan under GST. In the month of July following transactions were undertaken by WS:

- a) Intra-State sale of goods worth ₹ 10,00,000. Out of such sale, ₹ 5,00,000 worth of goods were liable to GST at 28% and balance were liable to GST at 18%.
- b) Intra-State purchase of goods worth ₹ 10,00,000 which is liable to GST at 28%.
- c) WS intended to transfer the business as going concern to Morgan & Sons (MS) on 31st July. As per the terms of transfer, WS will transfer all the business assets worth ₹ 50,00,000 and all the liabilities valued at ₹ 20,00,000.
- d) WS, on account of such transfer, paid gift worth ₹ 50,000 to its 3 employees as a reward towards their services to the firm.

During the month of September, MS received the notice from the authorities for outstanding liability of GST for ₹ 5,00,000 pertaining to the period before transfer of business by WS.

Such liability was determined after the transfer of business. For this purpose, assume that all the assets and liabilities were transferred by WS to MS. The balance of input tax credit at the beginning of the relevant period for WS is nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. GST is applicable on all inward and outward supplies at the following rates unless otherwise specified:

CGST - 9%, SGST - 9%, IGST -18%.

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. 27.1. to 27.5. as follows:-

## Question 27.1

The gross GST liability (without set off of input tax credit) of WS for the month of July is

- Ⓐ ₹ 2,32,000
- Ⓑ ₹ 2,80,000
- Ⓒ ₹ 25,000
- Ⓓ ₹ 2,30,000



| Particulars                                                                 | IGST(₹) | CGST(₹)  | SGST(₹)  | Total(₹) |
|-----------------------------------------------------------------------------|---------|----------|----------|----------|
| GST liability under Forward charge as supplier:                             |         |          |          |          |
| Intra-State sale (GST Rate 18%) [5 lac x 9%]                                | Nil     | 45,000   | 45,000   | 90,000   |
| Intra-State sale (GST Rate 28%) [5 lac x 14%]                               | Nil     | 70,000   | 70,000   | 1,40,000 |
| Transfer the business as going concern to Morgan & Sons                     |         |          |          |          |
| [exempt in Entry 2]                                                         |         |          |          |          |
| Gift worth Rs 50,000 to its 3 employees                                     |         |          |          |          |
| [Not Supply, since Gift less than 50,000 per employee - Schedule 1, Para 2] |         |          |          |          |
| Gross GST liability (without set off of input tax credit) of WS             |         | 1,15,000 | 1,15,000 | 2,30,000 |
| Less: ITC availed 10 lac x 28%                                              |         |          |          | 2,80,000 |
| Input tax credit Balance                                                    |         |          |          | 50,000   |

## Question 27.2

Suppose there is no transfer of business to MS, what is the amount of input tax credit lying in input tax credit ledger, if any, which can be claimed as refund by WS for the month of July?

- (A) ₹ 50,000 under inverted duty structure  
 (B) Nil since WS is making outward supply of 28% also, the balance credit shall be carried forward  
 (C) ₹ 23,000 under inverted duty structure  
 (D) ₹ 25,000 under inverted duty structure

**Answer:- (a) ₹ 50,000 under inverted duty structure Analysis:**

Manufacturer Supplier (William & Sons), Supply some goods taxable @ 18% and some goods taxable @ 28%, Inward supply taxable @ 28%. Hence it is a case of Inverted Tax Structure. Supplier is eligible for refund in Sec 54(3) read with Rule 89(5).

Amount of Refund in case of INVERTED duty structure: Rule 89(5)

Refund in case of INVERTED duty structure: Rule 89(5)

|                                                  |                                                                                            |            |
|--------------------------------------------------|--------------------------------------------------------------------------------------------|------------|
| Refund of ITC in case of inverted duty structure | NET ITC x Turnover of inverted duty structure OF GOODS & SERVICE / Adjusted total Turnover | ₹ 1,40,000 |
|                                                  | Less - tax payable on such inverted rated supply OF GOODS & SERVICE [5lacx18%]             | (₹ 90,000) |
| Max refund as per formula                        |                                                                                            | ₹ 50,000   |

Where

|                                     |                                                                                                   |             |
|-------------------------------------|---------------------------------------------------------------------------------------------------|-------------|
| Net ITC =                           | ITC of only INPUT other than ITC availed for which refund claimed in (4A) OR (4B); [10 lac x 28%] | ₹ 2,80,000  |
| "Adjusted Total turnover"/          |                                                                                                   | ₹ 10,00,000 |
| Turnover of inverted duty structure | i.e. taxable @ 18%                                                                                | ₹ 5,00,000  |

Further

| Particulars                                                                     | IGST | CGST       | SGST     | Total        |
|---------------------------------------------------------------------------------|------|------------|----------|--------------|
| Gross GST liability (without set off of input tax credit) of WS (see above Que) |      | ₹ 1,15,000 | 1,15,000 | ₹ 2,30,000   |
| Less: ITC availed 10 lac x 28%                                                  |      |            |          | (₹ 2,80,000) |
| Input tax credit Balance                                                        |      |            |          | ₹ 50,000     |

Quantum of refund of Unutilized ITC= Minimum of [(i) Refund as per Formula under Rule 89(4) and 89(5), (ii) Credit ledger Balance at the end of period after filing 3B for the period for which refund is claimed, (iii) Credit ledger Balance at the time of filing refund]

Hence refund will be ₹ 50,000

### Question 27.3

In case of transfer of business to MS, what is the amount of input tax credit which shall stand transferred to MS?

- Ⓐ ₹ 25,000
- Ⓑ ₹ 50,000
- Ⓒ Nil. In case of partnership firm input tax credit cannot be transferred on account of transfer of business.
- Ⓓ Nil as the value of liabilities is more than the value of assets.

**Answer:- (b) ₹ 50,000**

As per Sec 18(3): Transfer of ITC on account of change in constitution of registered person

|                                                                       |                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In case of sale, merger, amalgamation, lease or transfer of business, | Unutilised ITC can be transferred to the new entity if there is a specific provision for transfer of liabilities to the new entity. The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of accounts |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Calculation of Input tax credit Balance

| Particulars                                                 | IGST | CGST       | SGST       | Total        |
|-------------------------------------------------------------|------|------------|------------|--------------|
| Gross GST liability                                         |      |            |            |              |
| (without set off of input tax credit) of WS (see above Que) |      | ₹ 1,15,000 | ₹ 1,15,000 | ₹ 2,30,000   |
| Less: ITC availed 10 lac * 28%                              |      |            |            | (₹ 2,80,000) |
| Input tax credit Balance                                    |      |            |            | ₹ 50,000     |

### Question 27.4

Who is liable to discharge the liability of ₹ 5,00,000 on account of notice received by MS in the month of September?

- Ⓐ MS as the business is transferred by WS in July and notice was received in September
- Ⓑ WS as the notice pertains to liability before transfer of business
- Ⓒ Liability on MS only up to the amount of input tax credit transferred by WS
- Ⓓ MS and WS jointly and severally liable

**Answer:- (d) MS and WS jointly and severally liable Sec 85 - liability in case of transfer of business**

|                                                                      |                                                                                                                                                          |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| If transfer of business in whole or part by gift, lease, license etc | Transferor and Transferee jointly & severally liable to pay - Tax, sale, int, penalty due upto the time of transfer - Whether determined before or after |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|

Hence, MS and WS jointly and severally liable

### Question 27.5

Suppose WS transfers the business as a going concern and transfers all the assets and liabilities of such business for a lumpsum amount to MS, the transaction shall be:

- Ⓐ Treated as taxable supply liable to GST under forward charge as WS is a registered person under GST.
- Ⓑ liable to GST in the hands of MS under reverse charge basis,
- Ⓒ Exempted from GST.
- Ⓓ Liable to GST only for assets on which input tax credit is availed.

**Answer: - (c) exempted from GST.**

Transfer of going concern is exempt under Entry 2

## CASE SCENARIOS 28

KLM Ltd. is a large publishing and printing house registered under GST under a single GSTIN in Maharashtra. It is engaged in supply of books, letter cards, envelopes, guides and reference materials. KLM Ltd. has front offices in Mumbai & Nagpur for receiving the orders; orders are supplied to front office or supplied to recipient directly, from the workshop located at Nagpur, depending on order. To save the time, workshop has in-house mess for the employees working in the workshop, where lunch is provided free of cost as per the employer-employee agreement.

During April, KLM Ltd. received a proposal for printing of 5,000 copies of taxation book from a renowned author where only content was to be supplied by the author. KLM Ltd. agreed to supply the books. As per the requirement of the author, 2500 copies were supplied from workshop to Nagpur front office and 2500 copies to Mumbai front office from where the author collected books.

Satisfied with the quality of books, the author placed another order of 10,000 pieces of letterhead during May, the design and logo was supplied by the author for printing. Due to these orders, KLM Ltd. earned a handsome amount of profit and decided to gift employees for their performance. Accordingly, KLM Ltd. gifted mobile phone worth ₹ 36,500 each to all its 45 employees.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 28.1. to 28.4. as follows:-

## Question 28.1

Supply of taxation books by KLM Ltd. is:

- (A) composite supply, principal supply being "supply of service",
- (B) composite supply, principal supply being "supply of goods",
- (C) mixed supply,
- (D) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

Answer: - (a) composite supply, principal supply being "supply of service"

| Composite supply: 2(30)                                                                                                                                                                                                                                                  | Circular 11/11/2017                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Consist of 2 or more taxable supplies of goods/ service/ both</li> <li>Naturally bundled and</li> <li>supplied In conjunction with each other in ordinary course of business</li> <li>One of which is principal supply</li> </ul> | <p>In our question Supply of Printing (labour) Service = Principal supply<br/>Physical inputs including paper used for printing belong to the printer = Ancillary Supply Hence it is composite supply</p> |
| Example: Charger supplied along with mobile phones                                                                                                                                                                                                                       |                                                                                                                                                                                                           |
| As per Sec 8: Tax liability shall be rate of principal supply                                                                                                                                                                                                            |                                                                                                                                                                                                           |
|                                                                                                                                                                                                                                                                          | As per sec 8: Rate of Principal supply being Supply of service                                                                                                                                            |

## Question 28.2

Supply of letterheads by KLM Ltd. will be treated as:

- (A) composite supply, principal supply being "supply of service",
- (B) composite supply, principal supply being "supply of goods",
- (C) mixed supply,
- (D) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

Answer: - (b) composite supply, principal supply being "supply of goods".

| Composite supply: 2(30)                                                                                                                                                                                                                                                  | Circular 11/11/2017                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Consist of 2 or more taxable supplies of goods/ service/ both</li> <li>Naturally bundled and</li> <li>supplied In conjunction with each other in ordinary course of business</li> <li>One of which is principal supply</li> </ul> | In our question<br>physical inputs including paper to print, predominant supply is supply of goods = Principal supply<br>Supply of Printing (labour) Service = Ancillary Supply<br>Hence it is composite supply |
| Example: Charger supplied along with mobile phones                                                                                                                                                                                                                       |                                                                                                                                                                                                                 |
| As per Sec 8: Tax liability shall be rate of principal supply                                                                                                                                                                                                            |                                                                                                                                                                                                                 |
|                                                                                                                                                                                                                                                                          | As per sec 8: Rate of Principal supply being Supply of service                                                                                                                                                  |

**Question 28.3**

**Distribution of mobile phones to employees by KLM Ltd. will:**

- Ⓐ be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the aggregate value of mobile phones is more than ₹ 50,000.
- Ⓑ not to be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because value of the mobile phone is less than ₹ 50,000 per employee.
- Ⓒ be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 25,000 per employee.
- Ⓓ be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 35,000 per employee.

**Answer: - (b) not to be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017** because value of the mobile phone is less than ₹ 50,000 per employee.

Para 2, Schedule 1: gifts exceeding ₹ 50,000 in value in a financial year by an employer to an employee = supply of goods or services or both. It is assumed Employer KLM Ltd. publishing and printing house has not availed credit.

Further value of Gift being less than ₹ 50,000 is not supply [Para 2, Schedule 1]

**Question 28.4**

**In relation to taxability of supplies of copies from workshop to front office:**

- Ⓐ transfer from workshop to Nagpur front office will be treated as stock transfer, but is not liable to GST; however, transfer from workshop to the Mumbai front office will be treated as branch transfer between distinct persons and is liable to GST.
- Ⓑ transfer from the workshop to Nagpur front office and Mumbai Front office will transfer between distinct persons and are liable to GST.
- Ⓒ transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer, but are not liable to GST
- Ⓓ transfer from workshop to the Mumbai front office will be treated as stock transfer, but is not liable to GST, however, transfer from workshop to the Nagpur front office will be treated as branch transfer between distinct persons and is liable to GST.

**Answer: - (c) Transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer, but are not liable to GST.**

KLM Ltd. [publishing and printing house] registered under a single GSTIN in Maharashtra. Hence workshop (Nagpur), Nagpur front office and Mumbai Front office are not distinct person As per Sec 25. Since they are not distinct person, Intra-state Stock (b) transfer from the workshop to Nagpur front office and Mumbai Front office is NOT SUPPLY. Hence no question of GST.

## CASE SCENARIOS 29

SV Enterprises (P) Ltd. is a pharmaceuticals company engaged in the manufacturing of medicines. It has its head office in Rajasthan being registered under GST. It primarily sells two products in the market which are as under:

- (i) A (Taxable at 18%)
- (ii) B (Taxable at 28%)

From head office (HO), it makes sales on the basis of orders received from dealers and its branches. Total sales during the month of February are given below:

| A                                        |                 | B               |                 |
|------------------------------------------|-----------------|-----------------|-----------------|
| Inter-State (₹)                          | Intra-State (₹) | Inter-State (₹) | Intra-State (₹) |
| 50,00,000 (including branch transfers**) | 50,00,000       | 50,00,000       | 30,00,000       |

\*\*The company transferred product A to its branch situated in Mumbai for ₹ 10,00,000. The open market value of product A was not known at the time of transfer, but the goods of like kind and quantity were sold at ₹ 12,00,000. Cost of product A is ₹ 8,00,000. Further, the branch also deals in product A and product B only.

The company purchases its raw material worth ₹ 60,00,000 taxable @18% to be used in product A, from a supplier located at Haryana and imported raw material worth ₹ 40,00,000 taxable @ 28% to be used in product B, from U.S.A based vendor.

The opening balance of input tax credit of SV Enterprises (P) Ltd. for the relevant tax period is nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. All the above transactions are exclusive of GST, wherever applicable. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 29.1. to 29.5. as follows: -

## Question 29.1

What shall be the GST paid by SV Enterprises (P) Ltd. through Electronic Cash Ledger?

- Ⓐ IGST: ₹ 1,00,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
- Ⓑ IGST: ₹ 11,20,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
- Ⓒ IGST: ₹ 12,20,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
- Ⓓ IGST: Nil, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000

**Answer: - (A)** IGST: ₹ 1,00,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000

| Particulars                                                                                                                | IGST          | CGST       | SGST       | Total         |
|----------------------------------------------------------------------------------------------------------------------------|---------------|------------|------------|---------------|
| GST liability under Forward charge:                                                                                        |               |            |            |               |
| Intra-State sale Product A (Taxable at 18%) [50 lac x 9%] [including stock transfer]                                       | Nil           | ₹ 4,50,000 | ₹ 4,50,000 | ₹ 9,00,000    |
| Inter-State sale Product A (Taxable at 18%) [50 lac x 9%]                                                                  | ₹ 9,00,000    |            |            | ₹ 9,00,000    |
| Intra-State sale Product B (Taxable at 28%) [30 lac x 14%]                                                                 | Nil           | ₹ 4,20,000 | ₹ 4,20,000 | ₹ 8,40,000    |
| Inter-State sale Product B (Taxable at 28%) [50 lac x 28%]                                                                 | ₹ 14,00,000   |            |            | ₹ 14,00,000   |
| Gross GST liability (without set off of input tax credit)                                                                  | ₹ 23,00,000   | ₹ 8,70,000 | ₹ 8,70,000 | ₹ 40,40,000   |
| Less: ITC availed - IGST                                                                                                   |               |            |            |               |
| Domestic inter-state purchase = 60 lac * 18% = 10,80,000<br>Import (inter-state) = 40 lac * 28% = ₹ 11,20,000              |               |            |            |               |
| [ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio] | (₹ 22,00,000) |            |            | (₹ 22,00,000) |



|                                                                    |            |            |            |             |
|--------------------------------------------------------------------|------------|------------|------------|-------------|
| GST paid by SV Enterprises (P) Ltd. through Electronic Cash Ledger | ₹ 1,00,000 | ₹ 8,70,000 | ₹ 8,70,000 | ₹ 18,40,000 |
|--------------------------------------------------------------------|------------|------------|------------|-------------|

## Question 29.2

Suppose Product A is exempt from GST, what shall be the aggregate turnover of SV Enterprise?

- (A) ₹ 1,80,00,000  
 (B) ₹ 80,00,000  
 (C) ₹ 2,20,00,000  
 (D) ₹ 1,40,00,000

**Answer: - (a) ₹ 1,80,00,000**

Sec 2(6): Aggregate T.O = All taxable supplies + Exempt supplies + Eports of goods and/or services + Inter-State supplies of a person having the same PAN, to be computed on all India basis and Less CGST/SGST/ UTGST/IGST/GST Comp, cess.

ATO exclude inward supplies on which tax is payable under reverse charge.

Aggregate T.O = 50 lakh + 50 Lakh + 50 lac + 30 lac = ₹ 1,80,00,000

## Question 29.3

What shall be the value of supply of product "A" transferred to its branch in Mumbai?

- (A) ₹ 10,00,000  
 (B) ₹ 12,00,000  
 (C) ₹ 8,00,000  
 (D) ₹ 8,80,000

**Answer: - (a) ₹ 10,00,000**

SV Enterprises (P) Ltd. [Head office registered in Rajasthan and branch in Mumbai are distinct person as per Sec 25]

|                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Supply between Distinct OR Related Person OTHER THAN THROUGH AGENT - Rule- 28<br>a) Open Market Value (OMV)<br>b) IF OMV-NOT AVAILABLE<br>= Value of Like Kind & Quality supply<br>c) IF VALUE IN (a), (b) - NOT DETERMINABLE= Value as per Rule 30 or 31<br>Note- if Recipient Eligible for 100% ITC,<br>= Value declared in Invoice deemed to be Open Market Value<br>Hence Value = 10 lakh | Assuming 100% input tax credit available to branch., Value declared in Invoice deemed to be Open Market Value |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|

## Question 29.4

Suppose out of imported raw material amounting to ₹ 40,00,000, raw material amounting to ₹ 10,00,000 was sold to another local customer before clearance for home consumption. What shall be the net GST liability in this case?

- (A) IGST- ₹ 3,80,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000  
 (B) IGST- ₹ 1,00,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000  
 (C) IGST- ₹ 12,20,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000  
 (D) IGST- ₹ 20,60,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000

**Answer: - (a) IGST- ₹ 3,80,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000**

Then import will be 30 lakh for SV Enterprises (P) Ltd. And IMPORT OF 10 LAKH FOR Local customer, on ₹ 10 lakh local customer will pay custom duty and IGST.

|                                                                                                                                                                                                                                                                                   |                   |                   |                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Gross GST liability (without set off of input tax credit)                                                                                                                                                                                                                         | ₹ 23,00,000       | ₹ 8,70,000        | ₹ 8,70,000        |
| Less: ITC availed - IGST<br>Domestic inter-state purchase = 60 lac x 18% =<br>₹ 10,80,000 Import (inter-state) = 30 lac x 28%<br>= ₹ 8,40,000<br>[ITC of IGST shall be utilized first for payment of IGST<br>and then, for payment of CGST or SGST, in any order<br>in any ratio] | (₹ 19,20,000)     |                   |                   |
| <b>GST paid by SV Enterprises (P) Ltd. through Electronic<br/>Cash Ledger</b>                                                                                                                                                                                                     | <b>₹ 3,80,000</b> | <b>₹ 8,70,000</b> | <b>₹ 8,70,000</b> |

**Question 29.5**

If the payment for Product A was received on 25th February from one of the customers, goods supplied on 28th February and invoice issued on 3rd March, what shall be the time of supply in this case?

- (A) 25th February
- (B) 28th February
- (C) 3rd March
- (D) 20th March

**Answer: - (b) 28th February**

Time Limit For Raising Invoice: Sec 31: In case of supply of Goods,

|                                                                       |                                                                                                                 |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Invoice issued Before or at time of-                                  |                                                                                                                 |
| (a) removal of goods: where the supply involves movement of goods, or | (b) delivery of goods or making available thereof to the recipient: Where supply not involves movement of goods |

**Hence Invoice should be issued on 28th February**

Time of supply of goods under Forward charge - Sec 12(2) + 86/2017 (Date of Invoice i.e. 3rd March / Last date to issue Invoice u/s 31 i.e. 28th February), Whichever is earlier

**Hence time of supply is 28th February**

**N O T E S**

## CASE SCENARIOS 30

Diwakar (P) Ltd., registered under GST in Delhi, is engaged in trading of cement as well as providing services by way of renting of commercial properties. On 2nd January, it received a contract for supply of 1,000 kg cement from Pakija (P) Ltd., registered under GST in Punjab. Pakija (P) Ltd. directed Diwakar (P) Ltd. to send the consignment to Gajab & Sons, registered under GST in Gujarat.

Diwakar (P) Ltd. prepared the consignment on 4th January and dispatched the same on the next day from its warehouse in Gurugram, Haryana. The invoice was also issued on 5th January. On 7th January, it received the cheque and accountant entered the payment in books of accounts. However, he presented the cheque in bank on 14th January which was credited in the bank account of the company on 15th January.

In the meanwhile, on 10th January, the rate of tax on cement was reduced from 28% to 18%. On inspection of said goods, it was found that there is some deficiency in the quality of goods and therefore, the defective goods were returned to Diwakar (P) Ltd. Diwakar (P) Ltd. issued credit note for the same on 20th January.

Diwakar (P) Ltd. let out property and received rent for the month of January from Pakija (P) Ltd. on 10th January. However, as per the contract entered, the payments should have been received by 7th of every month.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 30.1. to 30.4. as follows:-

## Question 30.1

What will be the time of supply and rate of tax to be charged in respect of supply of 1,000 kg of cement?

- Ⓐ 5th January; 28%
- Ⓑ 7th January; 28%
- Ⓒ 14th January; 18%
- Ⓓ 15th January; 18%

**Answer: - (a) 5th January; 28%**

it may be noted that for supply of goods by a registered person (excluding composition supplier), GST is to be paid on the outward supply of goods on the date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 - Notification No. 66/2017 CT dated 15.11.2017

|                                                                       |                                                                                                                 |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| (i) Time Limit for Raising Invoice- Sec 31:                           | In case of supply of Goods,                                                                                     |
| Invoice issued Before or at time of-                                  |                                                                                                                 |
| (a) removal of goods: where the supply involves movement of goods, or | (b) delivery of goods or making available thereof to the recipient: Where supply not involves movement of goods |

Hence Invoice should be issued on 5th January

(ii) Time of supply of goods

(Date of Invoice i.e. 5th January / Last date to issue Invoice u/s 31 i.e. 5th January)

Whichever is earlier

Hence time of supply is 5th January

**Rate of GST on 5th January was 28%**

## Question 30.2

In the above case, other facts remaining the same, what will be the time of supply and rate of tax to be charged if the payment is credited into bank account on 12th January?

- Ⓐ 5th January; 28%
- Ⓑ 7th January; 28%
- Ⓒ 12th January; 28%
- Ⓓ 12th January; 18%

**Answer: - (a) 5th January; 28%**

Answer will remain same; Date of payment is irrelevant.

### Question 30.3

What is the place of supply in respect of transaction between Diwakar (P) Ltd. and Pakija (P) Ltd. and Pakija (P) Ltd. and Gajab & Sons?

- (A) Delhi, Punjab
- (B) Punjab, Gujarat
- (C) Haryana, Punjab
- (D) Haryana, Gujarat

**Answer: - (b) Punjab, Gujarat**

|                                                                                               |                                                                                                                        |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Supply by M/s Diwakar (P) Ltd., [Delhi] to M/s Pakija (P) Ltd , [Punjab]                      | Supply by M/s Pakija (P) Ltd , [Punjab] to M/s Gajab & Sons, [Gujarat]                                                 |
| Sec 10(1)(b) - POS = Principal place of 3rd Person i.e (M/s Pakija (P) Ltd.,)<br>POS = Punjab | Sec 10(1)(a) - POS = where movement of goods terminate for delivery to recipient (M/s Gajab & Sons)<br>POS = [Gujarat] |
| LOS = M/s Diwakar (P) Ltd., [Delhi],<br>POS = Punjab                                          | LOS = M/s Pakija (P) Ltd., [Punjab], POS = Gujarat                                                                     |
| It is inter-state supply, IGST Leviable                                                       | It is inter-state supply, IGST Leviable                                                                                |

### Question 30.4

Diwakar (P) Ltd. has not issued any invoice in respect of the services provided by way of renting of commercial properties in the month of January. What is the last date for issuance of invoice?

- (A) 10th January
- (B) 7th January
- (C) Either (a) or (b), whichever is earlier,
- (D) Either (a) or (b), whichever is later.

**Answer: - (b) 7th January**

CONTINUOUS SUPPLY OF SERVICE: SEC 2 (33)-

| Means                                                           | Includes                                                                                                        | Analysis                                                            |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Supply of services which is provided, or agreed to be provided, | Supply of such services as the Government may, subject to such conditions, as it may, by notification, specify; | In our question, Renting of immovable property = Continuous service |
| • continuously or on recurrent basis, under a contract,         |                                                                                                                 |                                                                     |
| • for a period exceeding 3 months                               |                                                                                                                 |                                                                     |
| • with periodic payment obligations                             |                                                                                                                 |                                                                     |

**AS Per Sec 31, in case of Continuous supply Of Services:**

|                                                       |                                                     |                                                            |
|-------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------|
| Where due date of payment ascertainable from contract | Invoice issued on or before the due date of payment | In our question, i.e. 7th of every month i.e., 7th January |
|-------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------|

**Time of supply of service under Forward charge - Sec 13(2):**

IF Invoice issued as per Sec 31

Date of invoice i.e., 7th January or

Date of payment i.e. 10th January

Whichever is earlier

Explanation - Date of payment = date on which the payment is entered in the books of account of the

supplier or the date on which the payment is credited to his bank account, whichever is earlier Hence, time of supply = 7th January

### CASE SCENARIOS 31

Disha Enterprise Pvt Ltd. is a financial service company having its offices in Kolkata, West Bengal and Mumbai, Maharashtra. The company is registered under GST in both the States.

The company operates through two segments (a) banking & insurance services and (b) advisory & consulting services. The aggregate turnover of the company during the previous year was (i) ₹ 80 lakh in West Bengal & (ii) ₹ 60 lakh in Maharashtra.

The bouquet of services provided under each of the two segments are as follows:

| Banking & insurance services                                   | Advisory & consulting services                         |
|----------------------------------------------------------------|--------------------------------------------------------|
| Insurance agent services                                       | Company/LLP/Society formation                          |
| Recovery agent services                                        | Return filing                                          |
| Direct Selling Agent (DSA) services (sale of banking products) | Detailed Project Report (DPR) preparation              |
|                                                                | Business promotion/ product marketing/ exhibition etc. |

The company has carried out following transactions during the month of September:

| Particulars                                                                                                                                                                         | Kolkata office                            | Mumbai office                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Sale and purchase of foreign currency                                                                                                                                               | Refer Note 3                              | Refer Note 3                              |
| Commission received from Nautiyal Insurance Company/ ADFC Life Insurance Company                                                                                                    | 90,000                                    | 70,000                                    |
| Commission received as DSA from ICIDI Bank for opening bank account/credit card & loan products                                                                                     | 48,000                                    | 50,000                                    |
| Commission received from private banks for acting as recovery agent                                                                                                                 | 1,20,000                                  | 1,50,000                                  |
| Professional fee received for the formation of a company/LLP/ society                                                                                                               | 80,000 [Refer Note 2]                     | 40,000                                    |
| Professional fee received for GST/ TDS return filing                                                                                                                                | 65,000                                    | 75,000                                    |
| Participation fee received from customers for the business exhibition organised by the company                                                                                      | 50,00,000 (held in Russia) [Refer Note 1] | 4,00,000 (held at Chennai) [Refer Note 1] |
| Legal fee paid to Mr. Sundaram - an advocate                                                                                                                                        | 10,000                                    | 15,000                                    |
| Payment made for security services (by way of supply of security personnel) received 25,000 (Globe Security Pvt Ltd.) 25,000 (M/s X & Co, a partnership firm, registered under GST) |                                           |                                           |

Notes:

- The participation fee of ₹ 50,00,000 received by the company is in respect of a business exhibition organized at St. Petersburg, Russia under the theme "Indian Traditional Fair" in which 10 Indian companies (all registered under GST) had participated. Petersburg, Russia.



The participation fee of ₹ 4,00,000 is in respect of a business exhibition organized by the company at Chennai, in which 100 Indian companies had participated.

2. Out of the professional fee of ₹ 80,000 received by Kolkata office for the formation of a company/LLP/society, ₹ 15,000 was towards reimbursement claimed from client. It was separately mentioned in the invoice indicating that it was deposited with registrar of companies (ROC).
3. Following purchase & sale of foreign currency was made by the company during the month of September:
  - a) Kolkata office had purchased USD 10,000 from M/s Moneywise (a FOREX dealer) @ ₹ 74 per USD on 10th September. The RBI reference rate on that day was ₹ 73 per USD.
  - b) Mumbai office had sold USD 5,000 to M/s Money Matters (a FOREX dealer) on 15th September @ ₹ 73.20 per USD. RBI reference rate for USD on that day is not available.
4. In an order dated 14th September issued to Disha Enterprise Pvt Ltd., the Joint Commissioner of CGST, Mumbai has raised a demand of ₹ 600 crore on Mumbai office in respect of an inter-State transaction. The company is disputing the entire demand & wants to file an appeal before the Appellate Authority against the order of Joint Commissioner.
5. The Kolkata office of the company had received ₹ 1 lakh on 22nd April as an advance from Ganesh Flour Mill Pvt Ltd., a client, for preparation of DPR. However, tax collected on the same from the client has not yet been deposited with the Central Government.

All the amounts given above are exclusive of GST wherever applicable (unless otherwise specified). There is no other outward or inward supply transaction apart from the aforesaid transactions in the relevant period.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 31.1 to 31.5. below:-

#### Question 31.1

Determine the value of taxable supply in respect of sale and purchase of foreign currency by Kolkata office and Mumbai office of the company as per rule 32(2)(a) of the CGST Rules, 2017.

- (A) Kolkata office ₹ 7200, Mumbai office ₹ 3,660
- (B) Kolkata office ₹ 10,000, Mumbai office ₹ 3,660
- (C) Kolkata office ₹ 7,20,000, Mumbai office ₹ 3,66,000
- (D) Kolkata office ₹ 7,30,000, Mumbai office ₹ 3,66,000

Answer:- (b) Kolkata office ₹ 10,000, Mumbai office ₹ 3,660

|                                                                       |                                                                                                                 |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Purchase /Sale of Foreign Currency including money changing - R 32(2) | value of taxable supply in respect of sale and purchase of foreign currency by Kolkata office and Mumbai office |
| 1st method- R32(2)(a)                                                 | Kolkata office                                                                                                  |
| <u>When exchanged from / to INR / [RBI Ref. rate available]:</u>      | Value = (₹ 74 - ₹ 73) × 10,000 = ₹ 10,000                                                                       |
| VALUE = [SELLING / Buying Rate - RBI Ref Rate]                        | Mumbai office                                                                                                   |
| * No of units of currency                                             | Value = 1% of (₹ 73.20 × 5,000) = ₹ 3,660                                                                       |
| <u>When exchanged from / to INR [No RBI Ref RATE available]:</u>      |                                                                                                                 |
| VALUE = 1% of INR received/provided                                   |                                                                                                                 |

#### Question 31.2

The value of taxable supply received by Mumbai office in the month of September on which tax is payable under reverse charge is

- (A) ₹ 15,000
- (B) ₹ 25,000
- (C) ₹ 40,000
- (D) ₹ 2,70,000

Answer:- (c) ₹ 40,000

|                                                                                      |                                                                 |                                                                                                                                                                                                 |                                        |                                    |                             |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|-----------------------------|
| Legal fee paid to Mr. Sundaram - an advocate                                         | ₹ 15,000                                                        | Service provided by Advocate or Firm of advocate To Business entity (BE) whose Turnover in P.Y make it liable for registration = Taxable & tax payable by BE under reverse charge.              |                                        |                                    |                             |
|                                                                                      |                                                                 | In our question, recipient (Disha Enterprises Pvt Ltd.) a registered Person. Hence legal services are not exempt. Further, Disha Enterprise Pvt Ltd. is liable to pay GST under reverse charge] |                                        |                                    |                             |
| Payment made for security services (by way of supply of security personnel) received | ₹ 25,000 (M/s X & Co, a partnership firm, registered under GST) | Nature of service                                                                                                                                                                               | supplied by                            | to                                 |                             |
|                                                                                      |                                                                 | Security services (services provided by way of supply of security personnel)                                                                                                                    | Any person other than a body corporate | A registered person, located in TT | Recipient pay GST under RCM |
| Total Value                                                                          | ₹ 40,000                                                        | In our question, recipient (Disha Enterprises Pvt Ltd.) a registered Person. Hence, Disha Enterprise Pvt Ltd. is liable to pay GST under reverse charge                                         |                                        |                                    |                             |

### Question 31.3

The value of taxable outward supply made by Kolkata office in the month of September on which Disha Enterprise Pvt Ltd. is liable to pay tax under forward charge is\_\_\_\_\_.

- (A) ₹ 1,78,000  
 (B) ₹ 2,78,000  
 (C) ₹ 2,65,000  
 (D) ₹ 1,13,000

Answer: - (a) ₹ 1,78,000 [ICAI Ans is wrong, it should be (b)]

| Particulars                                                                                                     | Kolkata office           |
|-----------------------------------------------------------------------------------------------------------------|--------------------------|
| Sale and purchase of foreign currency                                                                           | ₹ 10,000<br>[refer 31.1] |
| Commission received from Nautiyal Insurance Company/ ADFC Life Insurance Company                                | ₹ 90,000                 |
| Commission received as DSA from ICIDI Bank for opening bank account/credit card & loan products                 | ₹ 48,000                 |
| Commission received from private banks for acting as recovery agent                                             | Nil                      |
| Professional fee received for the formation of a company/LLP/society<br>[Refer Note 2]                          | ₹ 65,000                 |
| Professional fee received for GST/ TDS return filing                                                            | 65,000                   |
| Participation fee received from customers for the business exhibition organised by the company (held in Russia) | Exempt<br>[Refer Note 3] |
| <b>Value of taxable outward supply made by Kolkata office</b>                                                   | <b>₹ 2,78,000</b>        |

Note 1

|                                                                                                                                                                                                                                                                                                                           |                                                                                            |                                                       |                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Nature of service                                                                                                                                                                                                                                                                                                         | supplied by                                                                                | To (Recipient pay GST under reverse charge)           | Note in our question, Disha Enterprises Pvt Ltd is a company. But as per definition of insurance Agent, mainly individuals are licensed.<br>Companies authorized as Insurance agent are known as 'insurance intermediary' as per Sec 2(10B) of the Insurance Act, 1938. Services of such insurance intermediary taxable under forward charge |
| Services                                                                                                                                                                                                                                                                                                                  | Insurance agent                                                                            | Person carrying on insurance business, located in TT  |                                                                                                                                                                                                                                                                                                                                              |
| Insurance agent means an insurance agent licensed under section 42 who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business [including business relating to the continuance, renewal or revival of policies of insurance]; |                                                                                            |                                                       |                                                                                                                                                                                                                                                                                                                                              |
| Services                                                                                                                                                                                                                                                                                                                  | Recovery agent                                                                             | Banking co. financial institution/ NBFC located in TT | Disha Enterprises Pvt Ltd is recovery Agent providing service to Private Banks. Hence, Disha Enterprise Pvt Ltd. is liable to pay GST under reverse charge                                                                                                                                                                                   |
| Services                                                                                                                                                                                                                                                                                                                  | Individual Direct Selling Agents (DSAs) other than body corporate, partnership or LLP firm | Banking co./ NBFC, located in TT                      | Disha Enterprises Pvt Ltd is a company not individual DSA. Hence Disha Enterprises Pvt Ltd is liable to pay GST under forward charge                                                                                                                                                                                                         |

Note 2: Value of supply for profession fee received for the formation of a company/LLP/society shall be (₹ 80,000 - ₹ 15,000) = ₹ 65,000. ₹ 15,000 towards reimbursement of expenses will be as pure agent, it shall be deducted while determining value as per Rule 33 of CGST Rules, 2017

Note 3: Entry 52: Services by an organiser to any person in respect of a business exhibition held outside India is exempt.

## Question 31.4

The maximum amount of pre-deposit that Disha Enterprise Pvt. Ltd. can be asked to deposit under the IGST Act, 2017 for filing of an appeal before the Appellate Authority is\_\_\_\_\_.

- Ⓐ ₹ 30 crores  
Ⓑ ₹ 60 crores  
Ⓒ ₹ 25 crores  
Ⓓ ₹ 50 crores

**Answer:- (d) ₹ 50 Crores**

As per Sec 107 CGST and Sec 20 IGST Act:

| Particulars                                                                                                                                                                                                 | CGST Act                                                                                                              | IGST Act                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| PRE- DEPOSIT by assessee for filing Appeal                                                                                                                                                                  | i. Full amount of Admitted tax, int, penalty, fine, fee And<br>ii. 10% of disputed tax (subject to max of ₹ 25 crore) | i. Full amount of Admitted tax, int, penalty, fine, fee And<br>ii. 10% of disputed tax (subject to max of ₹ 50 crore) |
| Note - for balance amt. - Recovery proceeding stayed<br>Disputed liability under IGST Act = ₹ 600 crores<br>Pre- deposit = 10% of disputed tax i.e. ₹ 600 crore (subject to max of ₹ 50 crore) = ₹ 50 crore |                                                                                                                       |                                                                                                                       |

## Question 31.5

The maximum penalty prescribed under section 122 of the CGST Act, 2017 for failure of Kolkata Office to deposit the tax collected on the advance received from Ganesh Flour Mill Pvt Ltd. is\_\_\_\_\_.

- (A) ₹ 18,000  
 (B) ₹ 25,000  
 (C) ₹ 10,000  
 (D) ₹ 10,000 or tax evaded, whichever is higher.

**Answer:- (d) ₹ 10,000 or tax evaded, whichever is higher.**

Advance received = ₹ 1 lac with tax on 22nd April,

Time of Supply = 22nd April as per Sec 13(2) (i.e Date of Invoice or date of payment) whichever is earlier

Due date of payment of tax on advance of ₹ 1 lac = 20th May (As per Sec 39, GST shall be paid till the last date of Return)

GST is not paid till September month.

As per Sec 122(1), Where a taxable person who collects any amount as tax but fails to pay the same to the Government beyond a period of 3 months from the date on which such payment becomes due, then Penalty = ₹ 10,000 or tax evaded, whichever is higher Since in our question Disha Enterprise Pvt. Ltd. fails to pay tax beyond 3 months, Penalty = 10,000 or tax evaded, whichever is higher

## CASE SCENARIOS 32

ABC Ltd. is a Public Sector Undertaking (PSU) engaged in the business of generation of electricity from conventional & non-conventional sources. The Government of India holds 75% equity in the said company & balance equity is held by institutional and domestic investors. The company has taken separate registration under GST in each State where it has business operations. The company has its head office (HO) in Delhi & its power plants are located in the States of Bihar, Odisha & Chhattisgarh. Following transactions were carried out by the company during the month of February:

| Particulars                                                                            | Delhi H.O | Bihar plant | Odisha plant | Chhattisgarh Plant |
|----------------------------------------------------------------------------------------|-----------|-------------|--------------|--------------------|
| Sale of electrical energy to DISCOM                                                    | -         | 2,50,00,000 | 3,50,00,000  | 4,50,00,000        |
| Bank interest received on saving bank account & fixed deposit                          | 18,00,000 | 3,00,000    | 5,00,000     | 8,00,000           |
| House rent recovered from the employees for residential accommodation provided to them | 55,000    | 30,000      | 25,000       | 40,000             |
| Rent collected from bank, ATM, post office & shops located in office premises          | 48,000    | 15,000      | 12,000       | 16,000             |
| Sale of iron/ metal scrap (excluding TCS @ 1% as per the Income-tax Act, 1961          | -         | 85,000      | 45,000       | 65,000             |
| Other Income                                                                           | 2,50,000  | -           | -            | 45,000             |

Note:

- a) Other income of Delhi H.O. amounting to ₹ 2,50,000 is in respect of bond money recovered from an ex-employee who had resigned from the service of ABC Ltd. prior to completion of the period specified in the bond, viz., 2 years.  
 b) Other income of ₹ 45,000 of Chhattisgarh plant is in respect of penalty recovered from a contractor for delay in supply of material.

In addition to above information, following transactions were also carried out during the month of February:

1. A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for ₹ 3,36,000 (including GST @ 12%) in January. The vendor supplied stationery items worth ₹ 44,800 (including GST@ 12%) & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February. The remaining amount was paid in April on supply of balance items.
2. Odisha plant purchased office furniture for ₹ 2,80,000 during February from an unregistered dealer. Rate of GST on said furniture item is 18%.
3. A Board meeting for raising term loan for project expansion was held in February. The Delhi H.O. paid ₹ 20,000 each as sitting fee to 4 independent directors who attended the meeting.
4. For safety & security of its H O. & power plants, the company has engaged private security as well as CISF. Following payments were made in February, in respect of bills issued in the month of January:

| Particulars                    | Delhi H.O.                       | Bihar plant                            | Odisha plant                          | Chhattisgarh plant                  |
|--------------------------------|----------------------------------|----------------------------------------|---------------------------------------|-------------------------------------|
| CISF                           | —                                | ₹ 10,00,000<br>(paid on 07th February) | ₹ 8,00,000<br>(paid on 15th February) | ₹ 14,00,000 (paid on 05th February) |
| ABS Security Services Pvt Ltd. | 5,00,000 (paid on 11th February) |                                        |                                       |                                     |

5. The Bihar plant purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for ₹ 86,000. Full payment was made in February. Rate of GST on the said machinery is 18%. All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 32.1 to 32.5

#### Question 32.1

The value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February is\_\_\_\_\_.

- (A) ₹ 21,78,000  
(B) ₹ 2,98,000  
(C) ₹ 22,33,000  
(D) ₹ 3,78,000

Answer:- (b) ₹ 2,98,000

| Particulars                                                                            | DelhiH.O   | Analysis                                                                                                                                                    |
|----------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sale of electrical energy to DISCOM                                                    | —          | No GST Rate on Electricity.                                                                                                                                 |
| Bank interest received on saving bank account & fixed deposit                          | Exempt     | Entry 27: Services by way of— extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount is exempt. |
| House rent recovered from the employees for residential accommodation provided to them | Exempt     | Entry 12: Services by way of renting of residential dwelling for use as residence is exempt.                                                                |
| Rent collected from bank, ATM, post office & shops located in office premises          | ₹ 48,000   |                                                                                                                                                             |
| Bond money recovered from an ex-employee who had resigned from the service of ABC Ltd. | ₹ 2,50,000 | It is service as per Schedule II under “tolerate of an act”                                                                                                 |



value of taxable supply on which GST is payable by Delhi H.O. under forward charge

₹ 2,98,00

### Question 32.2

The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is\_\_\_\_\_.

- Ⓐ ₹ 11,80,000  
Ⓑ ₹ 10,00,000  
Ⓒ ₹ 10,86,000  
Ⓓ ₹ 10,30,000

Answer: - (b) ₹ 10,00,000

| Particulars                                                                                                                                                                                                                                                                                                                    | Bihar plant | Analysis                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Security services received from CISF (Government). Date of Invoice = January, Date of payment = 07th February<br>Reverse Charge -13(3). TIME OF SUPPLY =<br>Date of Payment i.e., 07th February<br>[61st day from Supplier Date of Invoice Whichever is earlier]<br>Business Entity is liable to pay GST under reverse charge. | ₹ 10,00,000 | Security service supplied by Government to business entity.                                                                                     |
| Purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for ₹ 86,000                                                                                                                                                                                                                    |             | As per Sec 9(4), only notified supplies received from unregistered person subject to reverse charge This is not the notified supply in Sec 9(4) |

### Question 32.3

The value of supply on which TDS under section 51 of the CGST Act, 2017 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in February is\_\_\_\_\_.

- Ⓐ ₹ 40,000  
Ⓑ ₹ 44,800  
Ⓒ ₹ 3,00,000  
Ⓓ TDS is not applicable since payment made in February is less than ₹ 2,50,000.

Answer: - (a) ₹ 40,000

TDS: Sec 51

| Person liable to deduct tax at source: Sec 51(1)                                                                  | Threshold limit                                                                                                                                                                                                                                                                           | Rate of deduction                                                                  | Value for TDS                                           | NO TDS                                                                                                 | TDS Due date of payment              |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------|
| (a) CG/SG department or establishment<br>Note: TDS only on certain prescribed authorities of Ministry of Defence. | Total value of supply of taxable goods and/or services under a contract > ₹ 2.5 lakhs, exclusive of GST as per invoice<br>Note: individual supplies may be less than ₹ 2,50,000/- , but if total value of supply under a contract is more than ₹ 2,50,000/-, TDS will have to be deducted | 1% CGST<br>1% SGST from the payment made or credited to the supplier or<br>2% IGST | amount indicated in the invoice<br>Excluding GST & Cess | When location of supplier and place of supply is different from the state of registration of recipient | Within 10 days from the end of month |
| (b) Local authority                                                                                               |                                                                                                                                                                                                                                                                                           |                                                                                    |                                                         |                                                                                                        |                                      |
| (c) Governmental agencies                                                                                         |                                                                                                                                                                                                                                                                                           |                                                                                    |                                                         |                                                                                                        |                                      |
| (d) Notified persons e.g PSU                                                                                      |                                                                                                                                                                                                                                                                                           |                                                                                    |                                                         |                                                                                                        |                                      |

Contract value of stationery items Excluding GST [ $\text{₹ } 3,36,000 - 12/112 \times \text{₹ } 336,000$ ] = ₹ 3,00,000) in January.

The vendor supplied stationery items worth ₹ 44,800 (including GST@ 12%) & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February. The remaining amount was paid in April on supply of balance items.

Hence for February, Value on which TDS is to be deducted = [ $\text{₹ } 44,800 - 12/112 \times \text{₹ } 44,800$ ] = ₹ 40,000

#### Question 32.4

Which of the following statements is true with regard to the penalty of ₹ 45,000 recovered by Chhattisgarh plant from the contractor for delay in supply of material?

- Ⓐ Fine/ penalty levied by a PSU is an exempt supply under section 11 of the CGST Act, 2017.
- Ⓑ It is a supply of services as stipulated in Schedule II of the CGST Act, 2017.
- Ⓒ It is neither a supply of service nor supply of goods as it is covered under Schedule III of the CGST Act, 2017.
- Ⓓ It is not a supply at all under section 7 of the CGST Act, 2017.

**Answer: - (b) It is a supply of services as stipulated in Schedule II of the CGST Act, 2017.**

As per Sec 7(1 A) read with schedule II of CGST Act 2017, agreeing to the obligation to tolerate an act or a situation, is Supply of Service

#### Question 32.5

What is the value of supply on which GST is payable by Odisha plant on sale of scrap?

- Ⓐ ₹ 45,000
- Ⓑ ₹ 45,450
- Ⓒ Sale of scrap is an exempt supply under GST. It is subject to TCS under the Income-tax Act, 1961.
- Ⓓ Sale of scrap is neither a supply of service nor supply of goods as it is covered under Schedule III of the CGST Act, 2017.

**Answer: - (a) ₹ 45,000**

CBIC Clarification: As per Sec 15(2)(a) - Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961 would not be includible in value as it is an interim levy

**N O T E S**

## CASE SCENARIOS 33

SR Associates is a partnership firm registered under GST in the State of Rajasthan. In the month of July, following transactions were made by SR Associates:

- 1) Purchase of commodity X on 1st July for an amount of ₹ 5,00,000 at the rate of ₹ 1000 per tonne from the open market. The said commodity was deposited in the warehouse of NCDEX Ltd. (an agricultural commodity exchange) in Rajasthan as a security against transactions entered by SR Associates on the same day.
- 2) In order to hedge the aforesaid transaction, on 1st July, SR Associates undertook a derivative sale transaction in futures contract for the month of August at NCDEX at the rate of ₹ 1,100 per tonne.
- 3) SR Associates took subscription for an AI (Artificial Intelligence) based platform from an unrelated party, ABC Inc (a company based in US) to get real time updates on the pricing of commodity X in the international market. ABC Inc charged ₹ 50,000 for such subscription. The invoice was issued to SR Associates on 1st July, but the payment was made to ABC Inc on 20th August.
- 4) NCDEX charges rent from SR Associates at the rate of ₹ 10,000 per month and service charges at the rate of ₹ 20,000 per month.
- 5) On the date of expiry of future contract of the month of August, i.e. 31st August for commodity X, the rate of commodity X was ₹ 900 per tonne. SR Associates squared off the contract for the month of August at the same rate.
- 6) NCDEX charged brokerage on the transactions (both purchase and sale of derivative contract separately) at the rate of ₹ 5,000 per contract from SR Associates in the month when such transaction was entered and when such transaction was squared off.
- 7) On the purchase of commodity X, additional levy in form of Mandi Tax was applicable at the rate of ₹ 10 per tonne which is not included in the rate per tonne under point 1 above.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of SR Associates is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of July and August.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

I. Intra-State supply – 9% CGST and 9% SGST II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 33.1 to 33.5 as follows:-

## Question 33.1

Compute the taxable value of supply of commodity X procured by SR Associates in the month of July.

- ₹ 5,00,000
- ₹ 5,50,000
- ₹ 5,55,000
- ₹ 5,05,000

Answer: (d) ₹ 5,05,000

|                                                                                                                                                                      |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Computation taxable value of supply of commodity X :                                                                                                                 |          |
| • Purchase price of commodity X                                                                                                                                      | 5,00,000 |
| • Value of Mandi Tax (500 Tons * Rs.10 per ton)                                                                                                                      | 5000     |
| [As per section 15(2)(a) of CGST Act, 2017, any duty, cesses, fees and other charges, charged separately by supplier are to be included in value of taxable supply.] |          |
| Value of supply of commodity X                                                                                                                                       | 5,05,000 |

## Question 33.2

Compute the value of outward supply made by SR Associates in the month of August.

- (A) Nil
- (B) ₹ 5,55,000
- (C) ₹ 5,60,000
- (D) ₹ 5,00,000

**Answer: (a) Nil**

Value of outward supply by SR Associates in the month of August:

Nil as the SR Associates does not have any outward supplies during the month of August.

### Question 33.3

What is the time of supply for subscription of AI based platform by SR Associates?

- (A) July 1
- (B) August 31
- (C) August 20
- (D) July 31

Time of supply for AI based subscription by SR associates:

As per sec. 13(3), TOS of services under RCM shall be

(a) Date of payment to supplier (Entry in the books or debit in bank account, whichever is earlier) [OR]

(b) 61st day from the date of invoice issued by the supplier

whichever is earlier.

In the given case,

(a) DOP to supplier - 20th August

(b) 61st day from the DOI (61st day from 1st July) - 31st August

whichever is earlier.

Therefore, TOS for subscription of AI based service is 20th August.

### Question 33.4

Compute the net GST payable in cash by SR Associates for the month of August .

- (A) Nil
- (B) ₹ 2,700
- (C) ₹ 81,000
- (D) ₹ 9,000

**Answer (d) ₹ 9,000**

GST Payable by SR Associates in the month of August:

Import of AI Based Service =  $50000 \times 18\%$  = Rs. 9000

[As per sec. 9(3), import of OIDAR services by person other than Non-taxable online recipient will be taxable under RCM]

### Question 33.5

Compute the input tax credit balance available with SR Associates for the month of July.

- (A) ₹ 9,000
- (B) ₹ 16,200
- (C) ₹ 97,200
- (D) Nil

**Answer: (c) ₹ 97,200**

| ITC available to SR Associates in the month of July                         | ₹      |
|-----------------------------------------------------------------------------|--------|
| Purchase of commodity X ( $5,05,000 \times 18\%$ ) =                        | 90,900 |
| Rent & service charges paid to NCDEX ( $30,000 \times 18\%$ ) =             | 5,400  |
| Brokerage paid for derivative contract on 1st July ( $5000 \times 18\%$ ) = | 900    |
| Total ITC available in the month of July                                    | 97,200 |

## CASE SCENARIOS 34

Mr. Ashok, proprietor of M/s Office -Linc Enterprises, is engaged in trading of office stationery items in its stationery store located at Salt Lake City, Kolkata. The said store is taken on lease from Kolkata Municipal Corporation (KMC).

During the financial year 2019-20, the turnover of M/s Office-Linc Enterprises was ₹ 14 lakh. Mr. Ashok supplies goods within the State of West Bengal only, but purchases stationery items mostly from Delhi & Mumbai. He owns a duplex house in New Town, Kolkata. He stays on the ground floor & has let out the first floor to an employee of IDICI Bank, Delhi for residential purposes. The rent for the same is paid by IDICI Bank to Mr. Ashok.

He applied for GST registration on voluntary basis on 2nd April, 2020 and the registration was granted to him on 9th April, 2020.

The details of his stock position is as under:

| Particulars                                                | 2nd April, 2020 | 8th April, 2020 |
|------------------------------------------------------------|-----------------|-----------------|
| Office stationery items purchased from a registered dealer | ₹ 1 lakh        | ₹ 1 lakh        |
| Books, periodicals, journals, newspaper, maps etc.         | ₹ 0.20 lakh     | ₹ 0.30 lakh     |

N O T E S



The details of transactions carried out by Mr. Ashok during the financial year 2020-21 is furnished hereunder:

| Particulars                                                                                  | 1st April, 2020<br>to 8th April,<br>2020 (₹ in lakh) | 9th April,<br>2020 to 31st<br>March, 2021<br>(₹ in lakh) |
|----------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|
| Sale of office stationery items<br>(Intra-State supply to registered person)                 | 3                                                    | 84                                                       |
| Sale of office stationery items<br>(Intra-State supply to unregistered person)               | 2                                                    | 14                                                       |
| Legal fee paid to advocate                                                                   | -                                                    | 0.10                                                     |
| Purchase of stationery items<br>(Intra-State supply received from registered person)         | 3                                                    | 74                                                       |
| Purchase of furniture for use in own office<br>(from an unregistered dealer of Kolkata)      | -                                                    | 1                                                        |
| Purchase of stationery items from a registered dealer of Delhi                               | 1                                                    | 18                                                       |
| Lease rent of the stationery store paid to Kolkata<br>Municipal Corporation (KMC)            | -                                                    | 1.20                                                     |
| Transportation charges paid to M/s Gati<br>Transporters, a GTA<br>(tax is not payable @ 12%) | 0.10                                                 | 1.50                                                     |
| Interest paid on borrowings from BBI Bank                                                    | 0.20                                                 | 1.80                                                     |
| Accrued interest on Fixed deposit with BBI Bank                                              | -                                                    | 0.16                                                     |
| Rent received from IDICI Bank for its employee                                               | -                                                    | 2.40                                                     |

Mr. Ashok went to Mumbai, Maharashtra for a business meeting in February, 2020 and stayed in Hotel

Blue Pines for a week. Hotel charged ₹ 1,00,000 (taxable value) for the stay.

All the amounts given above are exclusive of GST, wherever applicable, unless otherwise provided. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions in the financial year 2020-21.

GST is applicable on all inward and outward supplies, except on services of transportation of goods, at the following rates:

II. Intra-State supply – 6% CGST and 6% SGST

III. Inter-State supply – 12% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 34.1 to 34.5 below:-

#### Question 34.1

The value of outward supply which shall be subject to GST for the financial year 2020-21 is \_\_\_\_\_.

- Ⓐ ₹ 98 lakh
- Ⓑ ₹ 100 lakh
- Ⓒ ₹ 102.40 lakh
- Ⓓ ₹ 108 lakh

**Answer (a):** Value of taxable outward supply = Sale of office stationery to registered and unregistered persons i.e. ₹ 84 lakhs + ₹ 14 lakhs = ₹ 98 lakhs. As they obtained voluntary registration, they are liable to pay GST on outward supplies from the date they have got registration certificate i.e. w.e.f 09.04.2020.

## Question 34.2

Which of the following statements is correct in terms of the facts of the case scenario given above?

- Ⓐ Mr. Ashok cannot opt to pay tax in the financial year 2021-22 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017.
- Ⓑ Mr. Ashok is entitled to take the ITC of inputs held in stock on 1st April, 2020.
- Ⓒ Mr. Ashok shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the financial year 2020-21 in respect of purchases made from unregistered persons.
- Ⓓ Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2020.

Answer d:

- a) Mr. Ashok cannot opt to pay tax in the financial year 2021-22 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017. – False, Mr. Ashok can opt for composition scheme, as they are making inter state supplies.
- b) Mr. Ashok is entitled to take the ITC of inputs held in stock on 1st April, 2020. – False, Mr. Ashok can avail ITC on inputs before the date of certificate of registration i.e. 8th April, 2020
- c) Mr. Ashok shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the financial year 2020-21 in respect of purchases made from unregistered persons. – False, Mr. Ashok is not required to pay GST under RCM u/s 9(4) as the said sub-section is applicable only to a promoter or builder.
- d) Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2020. – True, As per Sec. 18(1) (b), ITC w.r.to inputs held in stock as on the date immediately preceding the date of registration, can be availed as ITC.

## Question 34.3

The value of supply on which Mr. Ashok is liable to pay GST under reverse charge for the financial year 2020-21 is \_\_\_\_\_.

- Ⓐ ₹ 1,60,000
- Ⓑ ₹ 2,80,000
- Ⓒ ₹ 1,30,000
- Ⓓ ₹ 2,70,000

**Answer D:** Legal fee paid to an advocate – Exempted, as turnover of Mr. Ashok, during previous year has not exceeded ₹ 20 lakhs

Lease rent paid to Kolkata Municipal corporation – Taxable under RCM (Services provided to business entity by government to a business entity whose aggregate turnover during previous year has not exceeded threshold limit for registration is exempted. However, such exemption is not available in case of renting of immovable property)

Transportation charges paid to GST – Taxable under RCM (GTA has not opted to pay GST @12%, then applicable rate is 5% which shall be payable by recipient under RCM)

## Question 34.4

Which of the following inward supply is not subject to payment of tax under reverse charge mechanism?

- i. Shop rent paid to KMC
- ii. Legal fee paid to advocate
- iii. Purchase of stationery items from unregistered person
- iv. Transportation charges paid to M/s Gati Enterprises
- Ⓐ (i) and (ii)
- Ⓑ (iii)
- Ⓒ (ii) and (iii)
- Ⓓ (i) and (iii)

**Answer C: (ii) and (iii)**

(i) Shop rent paid to KMC – Taxable under RCM

(ii) Legal fee paid to advocate – Exempted

(iii) Purchase of stationery items from unregistered person – RCM not applicable

(iv) Transportation charges paid to M/s Gati Enterprises – Taxable under RCM

## Question 34.5

Whether input tax credit is available on the GST paid by Mr. Ashok on the taxable value of ₹ 1,00,000 charged by Hotel Blue Pines located in Mumbai, Maharashtra, for his stay? If yes, please specify the amount of input tax credit available.

- (A) Yes, ₹ 3,000 - CGST and ₹ 3,000 - SGST  
 (B) Yes, ₹ 12,000 - IGST  
 (C) Yes, ₹ 6,000 - CGST and ₹ 6,000 - SGST  
 (D) No input tax credit is available.

**Answer c: No input tax credit is available.**

ITC not available w.r.to GST paid in a state where the person is not registered.

## CASE SCENARIOS 35

Ganesh Flour Mill Pvt Ltd., a registered supplier under GST and a monthly return filer, having plant at Howrah, West Bengal, is engaged in the business of food processing. Within the plant premises, there is a stock yard, an office and a few residential quarters for employees of the company. After purchasing wheat from local market/ mandi, the company processes it and packs and sells the finished products such as atta, maida and suji in 1 kg, 5 kg & 10 kg bags under the brand name "Ganesh Bhog". The aggregate turnover of the company during the preceding financial year was ₹ 7.50 crore.

Following details are provided by the company for the month of September:

| Particulars                                                                                                                 | Amount (₹ ) |
|-----------------------------------------------------------------------------------------------------------------------------|-------------|
| Sale of "Ganesh Bhog" atta, maida & suji (Note 2)                                                                           | 60,00,000   |
| Purchase of wheat from mandi                                                                                                | 14,00,000   |
| Transportation charges paid to an unregistered goods transport operator for transportation of wheat from mandi to factory   | 40,000      |
| Hiring charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors | 50,000      |
| Rent received from residential quarters allotted to employees                                                               | 10,000      |
| Electricity charges paid to West Bengal State Electricity Board                                                             | 1,60,000    |
| Bill raised by M/s BIS Security, Kolkata (a partnership firm registered under GST) for providing security service (Note 1)  | 1,18,000    |
| Interest on delayed payment collected from customers                                                                        | 3,500       |
| Interest on fixed deposit in a bank                                                                                         | 8,600       |
| Payment to Indian Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata             | 25,000      |
| Legal fee paid to advocate, Mr. Ashok Ganguly                                                                               | 30,000      |
| Licence fee paid to Food & Safety Standard Authority of India (FSSAI)                                                       | 25,000      |

Following additional information has also been provided by the company:

- (1) The security service bill raised by M/s BIS Security is inclusive of GST @ 18%.
- (2) Out of the total sales, "Ganesh Bhog" Atta worth ₹ 3,50,000 (10,000 kg) was supplied to Department of School Education, Govt. of West Bengal for further supply to affected families during Covid-19. A subsidy of ₹ 10 per kg was received from Govt. of West Bengal for the said supply which has not been considered in the total sales of ₹ 60,00,000.
- (3) The company had awarded a maintenance contract to Power Electromech Pvt Ltd., Delhi on 10th June, for repair of DG set installed in the factory, for ₹ 60,000 with a completion period of 30 days. The maintenance work was completed on 8th July. However, due to some dispute regarding quality of work, invoice was issued by Power Electromech Pvt Ltd. only on 5th September and payment was released on 15th September.

- (4) The company had been levied a penalty of ₹ 5,000 for wrong utilization of ITC of ₹ 5,000 by the proper officer.
- (5) The company had deposited the tax liability for the month of August amounting to ₹ 3,30,730 on 28th September.

Note. All the above amounts are exclusive of GST, wherever applicable, unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 35.1 to 35.5 below:

#### Question 35.1

The value of taxable outward supply made by the company in the month of September is -

- (A) ₹ 61,48,100  
 (B) ₹ 59,03,500  
 (C) ₹ 61,39,500  
 (D) ₹ 59,35,500

**Answer b: ₹ 59,03,500**

The value of taxable outward supply made by the company in the month of September is -

Value of taxable outward supply :

|                                                      |              |
|------------------------------------------------------|--------------|
| Sale of "Ganesh Bhog" atta, maida & suji             | = 60,00,000  |
| Less: Subsidy received from Govt. of West Bengal     | = (1,00,000) |
| Interest on delayed payment collected from customers | = 3,500      |
| Total taxable outward supply                         | = 59,03,500  |

#### Question 35.2

The value of taxable supply received by the company in the month of September on which GST is payable under reverse charge is -

- (A) ₹ 1,55,000  
 (B) ₹ 1,73,000  
 (C) ₹ 1,30,000  
 (D) ₹ 2,45,000

**Answer a: ₹ 1,55,000**

- Transportation charges paid for wheat from mandi to factory is exempted as which is a specified goods.
- Bill raised by M/s BIS Security, Kolkata which is covered u/s 9(3) RCM supply - ₹ 1,00,000 (Taxable value exclusive of GST)
- Payment to Indian Chamber of Commerce for Sponsorship services - ₹ 25,000.
- Legal fee paid to advocate, Mr. Ashok Ganguly - ₹ 30,000
- Total supply under RCM is ₹ 1,55,000 .

#### Question 35.3

What is the time of supply of services provided by Power Electromech Pvt Ltd?

- (A) 10th June  
 (B) 5th September  
 (C) 15th September  
 (D) 8th July

**Answer a: 8th July**

If actual date of Invoice is not within the due date of Invoice then Date of completion of service OR Date of Payment Whichever is earlier is the Time of Supply. i.e (8th July or 15th September whichever is earlier is 8th July)

## Question 35.4

The amount of interest payable by the company under section 50 of the CGST Act, 2017 for delay in payment of tax for the month of August?

- Ⓐ ₹ 4,961
- Ⓑ ₹ 1,305
- Ⓒ ₹ 4,567
- Ⓓ ₹ 1,142

**Answer (b): ₹ 1,305**

U/S Sec. 50(1) FROM the first date after due date till the actual date of payment – Amount of payment made  $3,30,730 \times 18\% \times 8/365$

= ₹ 1,305 ( From 21st September to 28th September)

## Question 35.5

In the context of the imposition of penalty on the company by the proper officer of ₹ 5,000, which of the following statements is correct?

- Ⓐ Penalty is leviable since the offence is not a "minor breach".
- Ⓑ Penalty is not leviable since the offence is a "minor breach".
- Ⓒ Penalty is leviable even if the offence is a minor breach.
- Ⓓ No penalty is leviable for such offence; only interest is payable by adding the ITC amount wrongfully utilized to the output liability.

**Answer a): Penalty is leviable since the offence is not a "minor breach".**

No penalty for minor offences [Amount of tax/ITC involved < ₹ 5,000] (or) which can be easily rectifiable and made without fraudulent intent or gross negligence.

## CASE SCENARIOS 36

Dinanath & Sons of Kolkata, a registered person under GST, deals in supply of electronic goods such as TV, refrigerator, washing machine etc. It also provides services of repair and maintenance of said goods. Its aggregate turnover during the preceding financial year was ₹ 6.2 crore. It furnishes following information for the month of December:

Outward supplies during the month of December are as under:

| Particulars                                                          | Amount (₹ in lakh) |
|----------------------------------------------------------------------|--------------------|
| Supply of goods to unregistered persons residing in & around Kolkata | 12                 |
| Supply of goods to a dealer of Bihar                                 | 6                  |
| Supply of goods to registered dealers in West Bengal                 | 28                 |
| Repair & maintenance services provided to unregistered persons       | 4                  |

Inward supplies during the month of December are as under:

| Particulars                                                                                                                                                                               | Amount (₹ in lakh) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Purchase of TV sets from registered dealers (Inter-State supply) [During unloading of said TV sets, one LED TV costing ₹ 25,000 was damaged, but the dealer refused to replace the same.] | 30                 |
| Purchase of refrigerators from registered dealers (Intra- State supply)                                                                                                                   | 4                  |
| Purchase of washing machine from unregistered dealers (Intra-State supply)                                                                                                                | 2                  |
| Transportation charges paid to Om Logistics (unregistered GTA)                                                                                                                            | 2                  |



|                                                                                                            |      |
|------------------------------------------------------------------------------------------------------------|------|
| Payment made to Star Security Services Pvt Ltd. (not registered under GST) for providing security services | 0.50 |
| Loading & unloading charges paid to labourer                                                               | 0.10 |
| Shop rent paid to Kolkata Municipal Corporation                                                            | 0.30 |
| Fee paid to Mr. Das, a Senior Advocate of Kolkata High Court for legal service                             | 0.10 |

Following additional information is also provided:

- The Assistant Commissioner of Commercial Tax, Kolkata has issued a show cause notice (SCN), to Dinanath & Sons due to non-displaying of registration certificate in a prominent location & GSTIN on name board at the entry of its principal place of business. Dinanath & Sons' plea is that the display of GSTIN to general public is not mandatory as it is required for the knowledge of the customers only & the same is already mentioned in the tax invoice.
- GST rate on all inward and outward supplies is 18% (CGST @ 9%, SGST @ 9%, IGST @ 18%), except transportation service which attracts GST @ 5%.
- There is no opening ITC available for the relevant tax period in the electronic credit ledger of Dinanath & Sons.
- All the goods purchased by Dinanath & Sons is ex-shop and it arranges its own transportation through GTA.

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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 36.1 to 36.4 below:

#### Question 36.1

The total value of inward supplies on which GST is payable by Dinanath & Sons under reverse charge is-

- ₹ 2.40 lakh
- ₹ 2.10 lakh
- ₹ 2.90 lakh
- ₹ 3.00 lakh

**Answer: (a) ₹ 2.40 lakh**

|                                                 |            |
|-------------------------------------------------|------------|
| Transportation charges paid to Om Logistics     | - 2 lakh   |
| Shop rent paid to Kolkata Municipal Corporation | - .30 lakh |
| Fee paid to Mr. Das, a Senior Advocate          | - .10 lakh |
| Total Value under RCM                           | - 2.4 lakh |

Note:

Amount paid to Star Security Services Pvt Ltd not covered under RCM, since it is a Company.

#### Question 36.2

The total input tax credit that can be availed by Dinanath & Sons for December is:

- ₹ 6,97,500
- ₹ 6,24,700
- ₹ 6,86,700
- ₹ 6,95,700

**Answer b: ₹ 6,24,700**

|                                        |             |
|----------------------------------------|-------------|
| Purchase of TV sets                    | 30 lakh     |
| Less: TV Damaged                       | (0.25 lakh) |
| Purchase of refrigerators              | 4 lakh      |
| Shop rent paid to KMC                  | .30 lakh    |
| Fee paid to Mr. Das, a Senior Advocate | .10 lakh    |
| Total Value (excl. Transportation)     | 34.15 lakh  |

|                        |              |
|------------------------|--------------|
| ITC 34.15 lakh * 18%   | = 6.147 lakh |
| Transportation charges | = .10 lakh   |
| paid to OM logistics   | 6.247 lakh   |
| ( 2 lakh * 5% )        |              |

**Question 36.3**

Total GST payable in cash by Dinanath & Sons for the month of December, assuming that no ITC is claimed/availed by it is:

- (a) ₹ 9,17,200  
 (b) ₹ 9,43,200  
 (c) ₹ 9,26,200  
 (d) ₹ 9,20,800

**Answer (a) ₹ 9,17,200**

|                                                             |           |
|-------------------------------------------------------------|-----------|
| Supply of goods to unregistered persons                     | ₹ 12 lakh |
| Supply of goods to a dealer                                 | ₹ 6 lakh  |
| Supply of goods to registered dealers                       | ₹ 28 lakh |
| Repair & maintenance services                               | ₹ 4 lakh  |
| Total outward supply                                        | 50 lakh   |
| GST On Gross outward value (50 * 18% )                      | 9 lakh    |
| GST Payable on RCM supply                                   |           |
| Shop rent paid to KMC .30 * 18%                             | 5400      |
| Fee paid to Mr. Das, a Senior Advocate                      |           |
| .10 lakh * .18                                              | 1800      |
| Transportation charges ( 2 lakh * 5% ) paid to OM logistics | 10000     |
| Total GST payable in Cash                                   |           |
|                                                             | 9,17,200  |

**Question 36.4**

The penalty that may be leviable for failure to display registration certificate in a prominent location & GSTIN on name board at the entry of its principal place of business by Dinanath & Sons is :-

- (A) ₹ 5000  
 (B) ₹ 10,000  
 (C) ₹ 25,000  
 (D) Nil

**Answer c: ₹ 25,000**

Penalties for not displaying the GST registration certificate or GSTIN Section 125 of the CGST Act, 2017 provides that any person who contravenes the provisions of the Act or the rules made thereunder, for which no separate penalty has been specified, shall be liable to pay a penalty of up to ₹ 25,000.

**NOTES**

## CASE SCENARIOS 37

Mr. Veera is a trader of readymade garments and is registered under GST in the State of Uttar Pradesh.

His turnover is ₹ 1,80,00,000 during the current financial year. The composition of his turnover is as under -

a) Intra-State - ₹ 80,00,000

b) Inter-State - ₹ 1,00,00,000 [including exempt supplies of ₹ 15,00,000]

His inward supplies are as under-

a) Inter-State - ₹ 1,00,30,000 [including ₹ 20,00,000 exclusively used for exempt supplies]

b) Intra-State ₹ 46,00,000 [including ₹ 15,00,000 exclusively used for taxable supplies]

Apart from above, Mr. Veera has undertaken following transactions during the current financial year:

1. He purchased a pick-up van for the purpose of delivery of goods to his customers for ₹ 1,70,000.
2. He got his showroom renovated (debited all expenses under repairs and maintenance) and spent money as under-

|                        |            |
|------------------------|------------|
| Labour charges         | ₹ 3,60,000 |
| Architect fees         | ₹ 80,000   |
| Wooden flooring        | ₹ 4,00,000 |
| Miscellaneous expenses | ₹ 1,62,000 |

3. He purchased some T-shirts for ₹ 1,80,000 (taxable under GST). After one week, he gave them away free to its customers to promote his business.
4. He also sold his shares during the year for ₹ 10 crore and bought a house from that money.
5. The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies.
6. All the amounts given above are exclusive of taxes, wherever applicable.
7. The opening balance of input tax credit for the relevant tax period of Mr. Veera is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 37.1 to 37.4 below:-

## Question 37.1

Compute value of exempt outward supply (for the purpose of reversal of ITC) by Mr. Veera during the current financial year.

- (A) ₹ 10,00,000  
 (B) ₹ 15,00,000  
 (C) ₹ 25,00,000  
 (D) ₹ 20,00,000

**Answer (c) ₹ 25,00,000**

Exempt supplies for Current Year - 15,00,000

Sale of securities (10cr \* 1%) - 10,00,000

Total Exempt supplies - 25,00,000

## Question 37.2

Which of the following statements is true?

- (A) Mr. Veera cannot claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.  
 (B) Mr. Veera can claim ITC on van purchased for delivery of goods and T-shirts distributed free of cost, but cannot claim ITC on expenses incurred on renovation of showroom.  
 (C) Mr. Veera can claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.

- Ⓓ Mr. Veera can claim ITC on van purchased for delivery of goods and expenses incurred on renovation of showroom, but cannot claim ITC on T-shirts distributed free of cost.

**Answer D: Mr. Veera can claim ITC on van purchased for delivery of goods and expenses incurred on renovation of showroom, but cannot claim ITC on T-shirts distributed free of cost.**

As per blocked ITC u/s 17(5) - Van is covered under other than transportation of person so ITC available, expenses incurred on renovation of showroom for in the course or furtherance of business, ITC not available for T-shirts distributed free of cost.

### Question 37.3

Calculate the amount of input tax credit credited to electronic credit ledger of Mr. Veera (ignore individual heads of CGST/SGST/IGST).

- Ⓐ ₹ 24,84,360  
 Ⓑ ₹ 22,73,400  
 Ⓒ ₹ 23,04,000  
 Ⓓ ₹ 24,53,760

**Answer (a) ₹ 24,84,360**

|                                      |             |
|--------------------------------------|-------------|
| Inter-State purchase                 | 80,30,000   |
| Intra-State purchase                 | 46,00,000   |
| Pick up Van                          | 1,70,000    |
| Labour charges                       | 3,60,000    |
| Architect fees                       | 80,000      |
| Wooden flooring                      | 4,00,000    |
| Miscellaneous expenses               | 1,62,000    |
| Total                                | 1,38,02,000 |
| GST on above = ₹ 1,38,02,000 × 18% = | ₹ 24,84,360 |

### CASE SCENARIOS 38

Mr. Venkat, a practicing Chartered Accountant, based in Hyderabad, is registered under GST in the State of Telangana.

He undertook following transactions/activities during the current financial year:

1. He provided consultancy services to Kuick Tours, a UK based entity engaged in the business of e-commerce in the field of tour and travels, having its office at UK. Kuick Tours paid a sum of Euro 95,000 to Mr. Venkat billed @ ₹ 75 per Euro. Mr. Venkat made travel to UK several times during the year and incurred Euro 5,000 @ ₹ 75 as incidental expenses (including VAT paid ₹ 10,000) which was ultimately charged from Kuick Tours. Kuick Tours also paid a sum of EURO 5,000 @ ₹ 75 to Mr. Venkat as interest on account of delay in payment of agreed consideration.
2. Mr. Venkat also hired the services of a professional firm based in UK to complete the assignment of providing services to Kuick Tours and paid Euro 10,000 @ ₹ 75. This was not recovered from Kuick Tours.
3. Mr. Venkat's taxable earnings for services provided in India for the financial year are ₹ 85,00,000. In addition to this, Mr. Venkat also provided return filing services free of charge in the month of July to Indian residents who were economically weaker. Open market value of such services was ₹ 1,40,000.
4. Further, in July, Mr. Venkat also provided financial services to his real brother Mr. Kamath who is working at an IT company and earning handsomely, for ₹ 75,000 (invoice value). However, Mr. Venkat offered him 90% discount on the invoice raised to him. Therefore, Mr. Kamath paid ₹ 7,500 only.

5. Dumdum Electricals Ltd., registered under GST in Guwahati, Assam approached Mr. Venkat to impart GST training to its accounts and finance personnel. Mr. Venkat imparted the said training to 50 employees of Dumdum Electricals Ltd. at a conference room of Swaraj Hotel located in Siliguri, West Bengal on 25th August.

Notes: The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies. 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. 38.1 to 38.4 below:-

#### Question 38.1

Compute the value of supply made by Mr. Venkat to Kuick Tour (in Euros).

- Ⓐ 120,000
- Ⓑ 105,000
- Ⓒ 115,000
- Ⓓ 125,000

**Answer (b)- 105,000**

|                                              |             |
|----------------------------------------------|-------------|
| Consultancy services to Kuick Tours          | Euro 95,000 |
| Incidental expenses charged from Kuick Tours | Euro 5,000  |
| Interest on account of delay in payment      | Euro 5,000  |
|                                              | Euro 105000 |

#### Question 38.2

Compute the total value of supply made by Mr. Venkat to Kuick Tour (in ₹).

- Ⓐ 1,20,00,000
- Ⓑ 1,05,56,000
- Ⓒ 1,63,82,500
- Ⓓ 125,00,000

**Answer (c) ₹ 1,63,82,500**

Computation of Aggregate turnover

|                                              |             |
|----------------------------------------------|-------------|
| Consultancy services to Kuick Tours          | Euro 95,000 |
| Incidental expenses charged from Kuick Tours | Euro 5,000  |
| Interest on account of delay in payment      | Euro 5,000  |
|                                              | Euro 105000 |
| Value in INR (105000*75)                     | 78,75000    |
| services provided in India                   | 85,00,000   |
| Financial service provided to Mr. Kamath     | 7,500       |
| Aggregate Turnover                           | 1,63,82,500 |

#### Question 38.3

What is value of supply made by Mr. Venkat to Mr. Kamath, if Mr. Kamath is the son of Mr. Venkat and not his brother and supply is made free of cost, other facts remaining the same?

- Ⓐ ₹ 7,500
- Ⓑ ₹ 75,000
- Ⓒ Not a supply since they are related
- Ⓓ Value cannot be determined

**Answer (b) ₹ 75,000**

if Mr. Kamath is the son of Mr. Venkat then its covered under relative, therefore the value is OMV which is 75,000



## Question 38.4

The place of supply of the GST training imparted by Mr. Venkat to the accounts and finance personnel of Dumdum Electricals Ltd. Is \_\_\_\_\_.

- Ⓐ Hyderabad, Telangana
- Ⓑ Guwahati, Assam
- Ⓒ Siliguri, West Bengal
- Ⓓ Either (a) or (b), at the option of Mr. Venkat

## (b) Guwahati, Assam

Mr. Venkat to impart GST training to its accounts and finance personnel of Dumdum Electricals Ltd. Registered at Guwahati, Assam is B2B supply, therefore place of supply is Guwahati, Assam.

## CASE SCENARIOS 39

Jaskaran, a registered supplier of Delhi, is engaged in supplying a bouquet of taxable goods and services. He has made the following supplies in the month of January:

| S. No. | Particulars                                                                                                                                                                                                                                                                                                                                              | Amount (₹) |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| (i)    | Supply of 20,000 packages at ₹ 30 each to Sukhija Gift Shop in Punjab [Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons]                                                                                                                                                                                        | 6,00,000   |
| (ii)   | 500 packages each consisting of 1 chocolate and 1 fruit juice bottle given as free gift to Delhi customers on the occasion of Lohri [Cost of each package is ₹ 12, but the open market value of such package of goods and of goods of like kind and quality is not available. Input tax credit has not been taken on the items contained in the package] |            |
| (iii)  | Catering services provided to elder brother free of cost for his business function in Delhi [Cost of providing said services is ₹ 55,000, but the open market value of such services and of services of like kind and quality is not available.]                                                                                                         |            |

\*excluding GST

Following additional information has been furnished by Jaskaran:

- Penalty of ₹ 10,000 was collected in lumpsum in the month of March from Sukhija Gift Shop since the payment was received with a delay of 60 days.
- One of the old customers of Jaskaran – Mr. Bahubali – approached him requesting him to arrange the transportation of the goods purchased by him from a local supplier. Jaskaran arranged the transportation of said goods for Mr. Bahubali through a goods transport operator. Jaskaran did not issue a consignment note to Mr. Bahubali.
- Assume the rates of GST to be as under:

| Goods/services supplied | CGST | SGST | IGST |
|-------------------------|------|------|------|
| Chocolates              | 9%   | 9%   | 18%  |
| Fruit juice bottles     | 6%   | 6%   | 12%  |
| Toy balloons            | 2.5% | 2.5% | 5%   |
| Catering service        | 9%   | 9%   | 18%  |

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 39.1 to 39.4 below:-

## Question 39.1

GST payable on packages supplied to Sukhija Gift Shop in January and in March is (1) & (2) respectively.

- Ⓐ (1) IGST - ₹ 1,09,526; (2) nil
- Ⓑ (1) CGST - ₹ 54,763; SGST - ₹ 54,763; (2) nil
- Ⓒ (1) IGST - ₹ 1,08,000; (2) IGST - ₹ 1,526
- Ⓓ (1) CGST - ₹ 54,000; SGST - ₹ 54,000; (2) CGST - ₹ 763; SGST - ₹ 763

**Answer (c): (1) IGST - ₹ 1,08,000; (2) IGST - ₹ 1,526**

Supply to Sukhija Gift Shop:

For January  $6,00,000 \times 18\%$  - 1,08,000.

For March  $10000 \times 18/118 = 1,526$ . (Considered as inclusive of GST)

## Question 39.2

GST on services of transportation of goods provided by Jaskaran to Mr. Bahubali:

- Ⓐ is payable by Mr. Bahubali @ 5%.
- Ⓑ is payable by Jaskaran @ 12%.
- Ⓒ is payable by Mr. Bahubali @ 12%.
- Ⓓ is not payable at all.

**Answer d: is not payable at all.**

Jaskaran provided transportation service not as a part of contract, therefore GST not payable by Jaskaran & Transportation service provided by goods transport operator to Mr. Bahubali is covered under FCM, therefore GST payable by goods transport operator.

## Question 39.3

Supply of 500 packages given as free gift to Delhi customers on the occasion of Lohri is \_\_\_\_ - \_\_\_\_

- Ⓐ a mixed supply
- Ⓑ not a supply
- Ⓒ a composite supply
- Ⓓ a separate supply of chocolate and fruit juice bottle

**Answer (b) not a supply**

Goods given as free gift to unrelated party on which ITC is not availed is not a supply.

## Question 39.4

For the purposes of GST law, value of supply of catering services provided by Jaskaran to his elder brother free of cost for his business function in Delhi is \_\_\_\_\_.

- Ⓐ ₹ 60,500
- Ⓑ ₹ 55,000
- Ⓒ ₹ 60,500 or ₹ 55,000, whichever is lower
- Ⓓ Nil as catering services provided by Jaskaran to his elder brother is not a supply.

**Answer (d) nil as catering services provided by Jaskaran to his elder brother is not a supply.**

Supply made to the related party without consideration is supply u/s 7(1)(c).

value of supply of catering services provided by Jaskaran to his elder brother free of cost for his business function, in the given case Jaskaran elder brother is not dependent of Jaskaran, therefore they are not related

## CASE SCENARIOS 40

Zoom Air is an airline company operating domestic as well as international flights. The head office of Zoom Air is in Mumbai and the company has also obtained registration under GST in each of the States from where the flight operations are being conducted.

During the month of January, following transactions were undertaken by it:

- (i) Zoom Air sold air tickets worth ₹ 5,00,000 during the month from its head office and the breakup of air fare is as follows:  
Basic fare excluding GST – ₹ 4,00,000  
Passenger Service Fee (PSF) and User Development Fee (UDF) inclusive of GST – ₹ 1,00,000  
Both PSF and UDF are statutory fees which are required to be collected by the airlines as per Government directions and authorization given to airlines. The aforesaid amount of PSF and UDF are inclusive of GST @ 18%. PSF and UDF are remitted by the airlines to the airport authority. Further, the amount of PSF and UDF is separately disclosed in the invoice issued to customers by Zoom Air along with applicable GST. The airport authority pays an amount of 5% of PSF and UDF (inclusive of GST amount) collected as collection charges to the airlines on which GST is applicable. There is no levy of PSF and UDF on the tickets booked by Zoom Air for its own crew or other employees.
- (ii) Zoom Air (Head Office) has collaborated with Supertrip India, an online travel portal, providing services to the customers by way of booking air tickets through its electronic commerce platform and registered under GST in the State of Maharashtra. During the month, Supertrip India booked tickets for ₹ 2,00,000 (base fare excluding GST, PSF and UDF) for the customers of Zoom Air. The amount was remitted by Supertrip India to Zoom Air after required adjustments as per GST law in terms of tax collection at source @ 1% as IGST or @ 0.5% of CGST and @ 0.5% of SGST as applicable. In addition to the aforesaid amount, Supertrip India charged commission from Zoom Air at the rate of 5% of the base fare of air tickets booked.
- (iii) Zoom Air (Head Office) charged 100% cancellation fee from the customers for bookings made in prior months. The amount of cancellation fee charged was ₹ 1,00,000 inclusive of GST. Instead of actually collecting the cancellation fee from the customers, such amount was adjusted against the booking amount and GST discharged at the time of initial bookings. However, the PSF and UDF amounting to ₹ 10,000 (inclusive of GST) charged from the customers against such bookings were refunded.
- (iv) Zoom Air provided gifts in the form of air tickets to 10 of its employees based at its head office for an amount equivalent to ₹ 60,000 each. No amount was recovered from the employees for such air tickets.
- (v) Zoom Air has a corporate tie-up with Welcome Hotel located in Rajasthan for stay of its crew members. For January, the hotel issued an invoice of ₹ 5,00,000 in the name of Zoom Air, Head office, Mumbai.

Haryana office of Zoom Air has provided services by way of sale of online advertisement space to Amazing Pvt. Ltd. (a company registered in the State of Haryana) for promotion of Amazing Pvt. Ltd.'s products. The amount charged for such service by Haryana office of Zoom Air is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit of Zoom Air and Supertrip India for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

GST is applicable in the aforesaid case scenario @ 18% ignoring CGST, SGST and IGST bifurcation for the sake of simplicity.

In case of cancellation of tickets, the airport authority and Zoom Air had an agreement that PSF and UDF related adjustment shall be finalized at the end of financial year, i.e., during the month of March. Further, separate GST invoice shall be issued to carry out such adjustment in books of accounts.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 40.1 to 40.5 below:

## Question 40.1

The gross GST liability of Mumbai Head Office of Zoom Air for the month of January is:

- (A) ₹ 1,08,000  
 (B) ₹ 72,000  
 (C) ₹ 1,80,000  
 (D) ₹ 2,16,900

## Answer (D)

Gross GST liability of Mumbai Head Office of Zoom Air for the month of January

|                                                                                                                                                     |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Liability on sale of Air tickets (400,000*18%)                                                                                                      | 72,000   |
| Liability on collection charges given by Airport authority [(Rs.1,00,000*5%)*18%]                                                                   | 900      |
| Liability on sale of tickets through ECO [2,00,000*18%]                                                                                             | 36,000   |
| Liability on gifts given to employees (since the value of gift exceeds Rs.50,000 entire value will be taxable)[Rs.60,000*10 employees = 600000*18%] | 1,08,000 |
| Gross GST Liability                                                                                                                                 | 2,16,900 |

## Question 40.2

Determine all kinds of credits available to Mumbai Head Office of Zoom Air for setting off against its GST liability for the month of January is:

- (A) ₹ 3,800  
 (B) ₹ 93,800  
 (C) ₹ 6,800  
 (D) ₹ 96,800

## Answer (A)

All kinds of credits available to Mumbai Head Office

|                                                    |       |
|----------------------------------------------------|-------|
| Commission to Supertrip India [Rs.2,00,000*5%]*18% | 1,800 |
| TCS collected by supertrip India [Rs.2,00,000*1%]  | 2,000 |
| Total Credits available                            | 3,800 |

## Question 40.3

Assuming that the customers, in point (i) of the case scenario above, are registered customers and all other conditions for availment of input tax credit are complied with, the amount of input tax credit available to such customers would be:

- (A) ₹ 90,000  
 (B) ₹ 72,000  
 (C) ₹ 87,254  
 (D) ₹ 76,272

## Answer (C)

Credits available to customers

|                                            |        |
|--------------------------------------------|--------|
| ITC paid on basic fare [₹ 4,00,000*18%]    | 72,000 |
| ITC paid on PSF 7 USF [₹. 1,00,000/118*18] | 15,254 |
| Total Credits available                    | 87,254 |

## Question 40.4

Choose the correct answer in relation to the transaction between Haryana office of Zoom Air and Amazing Pvt. Ltd.:

- Ⓐ The service is in the nature of online information and database access or retrieval services and Amazing Pvt. Ltd. is liable to pay IGST of ₹ 90,000.
- Ⓑ The sale of advertisement space is a deemed sale of services as per Schedule II of CGST Act, 2017 and liable to CGST of ₹ 45,000 and SGST of ₹ 45,000.
- Ⓒ Zoom Air is required to pay IGST of ₹ 90,000 and Amazing Pvt. Ltd. is required to collect tax at source on consideration paid to Zoom Air.
- Ⓓ Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.

## Answer (D)

Correct statement

As per sec 12(2), Place of supply shall be the location of recipient. Therefore, POS will be Haryana. Since the LOS and POS is in the same state CGST & SGST will be payable.

## CASE SCENARIOS 41

Trent Limited, a supplier of water purifiers, is a company registered with the jurisdictional GST authorities at its principal place of business in Mumbai, Maharashtra. Trent Limited has approached ABC India LLP, a Mumbai based event management company registered under GST in the State of Maharashtra, to undertake following activities in relation to organization of an event to be held on July 21 – 22 in Udaipur, Rajasthan for its employees:

- a. Arrangement of accommodation services for its employees in a hotel in Udaipur, Rajasthan
- b. Arrangement of souvenirs to be distributed to its employees attending the event

Trent Limited has agreed to pay a fixed sum of ₹ 3,00,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) for the aforesaid services provided by ABC India LLP. An amount of ₹ 50,00,000 is paid to ABC India LLP as advance at the time of agreement on June 25. Balance amount is payable on July 21 upon issuance of invoice by ABC India LLP and invoice is duly issued for the full amount in the month of July.

ABC India LLP has entered into an agreement with Dream Hotels, a hotel based in Udaipur, for the aforesaid event to be organized for employees of Trent Limited. Dream Hotels has agreed to provide the services to ABC India LLP which includes accommodation and other ancillary services for the aforesaid event at an agreed amount of ₹ 1,50,00,000 exclusive of GST (Rates of tax are: CGST - 14%, SGST - 14% and IGST - 28%). The consideration is payable by ABC India LLP to Dream Hotels at the time of check in of guests on July 21.

Further, ABC India LLP has also entered into an agreement with Happy Gift House, a well - known gift shop based in Udaipur, Rajasthan for purchase of souvenirs for the employees of Trent Limited. It was agreed that souvenirs would be purchased by ABC India LLP from Happy Gift House at a consideration of ₹ 20,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) and Happy Gift House would deliver them at the event location, i.e. Dream Hotels, Udaipur. The aforesaid amount includes the cost of packaging the souvenirs (₹ 20,000) and cost of delivering the same (₹ 50,000) at the location. The entire consideration is payable by ABC India LLP to Happy Gift House at the time of delivery of souvenirs on July 21.

In the month of August, Trent Limited gifts each of its employees (total – 150 employees) a water purifier in terms of their employment contract. The total open market value of such water purifiers is ₹ 52.50 lakh exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%). All water purifiers bear the same cost.

Trent Limited and ABC India LLP are not registered under GST in the State of Rajasthan. There is no other taxable supply or taxable procurement apart from Dream Hotels and Happy Gift House as mentioned above in the month of July for ABC India LLP. The opening balance of input tax credit of both Trent Limited and ABC India LLP for the relevant tax periods is nil. All the above amounts are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 41.1 to 41.5 below:-



## Question 41.1

In case of the supply of the souvenirs by Happy Gift House to ABC India LLP, the place and value of said supply are \_\_\_\_\_ and \_\_\_\_\_

- (A) Maharashtra; ₹ 20,00,000
- (B) Maharashtra; ₹ 19,30,000
- (C) Rajasthan; ₹ 20,00,000
- (D) Rajasthan; ₹ 19,30,000

**Answer C:**

Rajasthan; ₹ 20,00,000

In case of goods involving movement of goods Place of supply is Ending point (Rajasthan) ,supplier Happy Gift House located in Rajasthan.

Value of supply includes cost of packaging the souvenirs (₹ 20,000) and cost of delivering the same (₹ 50,000) which is already included, so value of supply is 20,00,000.

## Question 41.2

The place of supply for the hotel accommodation services provided by Dream Hotels to ABC India LLP is \_\_\_\_\_ and the nature of supply is\_\_\_\_\_.

- (A) Maharashtra, inter-State supply liable to IGST
- (B) Rajasthan, inter-State supply liable to IGST
- (C) Maharashtra, intra-State supply liable to CGST and SGST
- (D) Rajasthan, intra-State supply liable to CGST and SGST

**Answer D:**

Rajasthan, intra-State supply liable to CGST and SGST

POS in relation to Immovable property is Location of such Immovable property Dream Hotels Rajasthan, supplier location also in Udaipur Rajasthan, therefore it is Intra state supply.

## Question 41.3

The net GST payable in cash by ABC India LLP for the month of July in the State of Maharashtra would be \_\_\_\_\_. ABC India LLP wishes to keep its CGST liability at a minimum.

- (A) CGST - ₹ 18,90,000; SGST - ₹ 22,50,000; IGST - Nil
- (B) CGST - Nil; SGST - Nil; IGST - ₹ 54,00,000
- (C) CGST - ₹ 27,00,000; SGST - ₹ 27,00,000; IGST - Nil
- (D) CGST - ₹ 5,40,000; SGST - ₹ 13,50,000; IGST - Nil

**Answer A:**

CGST - ₹ 18,90,000; SGST - ₹ 22,50,000; IGST - Nil

| Particulars                                                | CGST         | SGST         | IGST |
|------------------------------------------------------------|--------------|--------------|------|
| Event service to trent limited                             | 22,50,000.00 | 22,50,000.00 | -    |
| ITC on souvenirs purchased adjusted against CGST liability | -3,60,000.00 | -            | -    |
| Net GST Payable in cash                                    | 18,90,000.00 | 22,50,000.00 |      |

## Question 41.4

The finance team is exploring the feasibility of getting ABC India LLP registered as a casual taxable person in the State of Rajasthan with effect from 20 th June.

In such a scenario, the invoice to Trent Limited will be issued by ABC India LLP as a casual taxable person registered in Rajasthan. Moreover, the invoice by Dream Hotels and Happy Gift House will be issued to ABC India LLP at its GST registration number as casual taxable person in Rajasthan. The estimated tax liability of ABC India LLP to be paid in advance at the time of submission of application for registration in the State of Rajasthan in the month of June would be \_\_\_\_\_.

- (A) CGST - ₹ 27,00,000; SGST - ₹ 27,00,000; IGST - Nil  
 (B) CGST - Nil; SGST - Nil; IGST - ₹ 8,40,000  
 (C) CGST - ₹ 4,20,000; SGST - ₹ 4,20,000; IGST - Nil  
 (D) CGST - Nil; SGST - Nil; IGST - Nil

**Answer C:**

CGST - ₹ 4,20,000; SGST - ₹ 4,20,000; IGST - Nil

| Particulars                                                | CGST & SGST   |
|------------------------------------------------------------|---------------|
| Event service to trent limited                             | 54,00,000.00  |
| ITC on souvenirs purchased adjusted against IGST liability | -3,60,000.00  |
| ITC on Dream Hotels ITC adjusted against IGST Liability    | -42,00,000.00 |
| Net GST Payable in cash                                    | 8,40,000.00   |

## Question 41.5

Compute the outward GST payable, if any, on the water purifiers gifted by Trent Limited to its employees in the month of August.

- (A) CGST - ₹ 7,35,000; SGST - ₹ 7,35,000; IGST - Nil  
 (B) CGST - Nil; SGST - Nil; IGST - ₹ 14,70,000  
 (C) CGST - Nil; SGST - Nil; IGST - Nil  
 (D) CGST - Nil; SGST - Nil; IGST - ₹ 7,35,000

**Answer C:**

CGST - Nil; SGST - Nil; IGST - Nil

Trent Limited gifts each of its employees (total - 150 employees) a water purifier in terms of their employment contract is excluded from supply Sec 7(2) read with schedule III provided gift by employer to employee for a FY not exceeds 50000 per employee is excluded from supply, so GST payable is NIL.

## CASE SCENARIOS 42

Mr. X is engaged in the business of supplying FMCG (Fast-moving consumer goods) to the customers on retail as well as wholesale basis. X has its head office located in Delhi and branches in Rajasthan and Madhya Pradesh. It is registered under GST in all the three States.

During the month of January, following transactions were undertaken:

- X supplied goods to its agent A from its factory located in Rajasthan. A sold them to the unrelated wholesalers in the State of Rajasthan by issuing an invoice in his own name. The goods of like kind and quality were sold by A to an unrelated customer for ₹ 1,00,000. A also purchased goods of like kind and quality from another independent supplier for ₹ 80,000 on the same day.
- X appointed a consultancy firm - Rudra Consultancy registered in Rajasthan- to incorporate a new company and to undertake all the legal formalities for incorporation of said company, for an agreed consideration of ₹ 35,000. Rudra Consultancy paid the legal fee of ₹ 15,000 to the relevant Government Department during the process of incorporation of the company. The GST invoice was issued by Rudra Consultancy on X's branch in Rajasthan for an amount of ₹ 35,000 without any breakup of its own service charges and other legal expenses or fees.

- (iii) X imported certain digital data warehousing services from Mazon Inc. located in USA. The amount charged by Mazon Inc. was ₹ 5,00,000. The services were for personal consumption of X and were not used in course or furtherance of business of X. The transaction was billed to X on the GST registration number of Rajasthan.
- (iv) X imported certain online gaming services from Balibaba Inc. located in China. The services were provided to X on free of cost basis. The open market value of such services was ₹ 1,00,000. These services were also for personal consumption of X and were received on a device whose internet protocol address was registered in India. The transaction was billed to X on the GST registration number of Rajasthan.
- (v) Madhya Pradesh branch of X purchased goods worth ₹ 15,00,000 (liable to GST @ 5%) from a Madhya Pradesh dealer and procured certain input services worth ₹ 5,00,000 (liable to GST @ 28%) in Madhya Pradesh. In the later part of the month, X sold these goods for ₹ 18,00,000 (liable to GST @ 5%).
- (vi) Rajasthan branch paid the sponsorship fee of ₹ 5,00,000 to Ganga Solutions, registered in Rajasthan, for an entertainment event organised by Ganga Solutions in Haryana.

The opening balance of input tax credit of X in the States of Delhi, Rajasthan and Madhya Pradesh is nil. Further, there is no other inward or outward supply transaction for X in the months of January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

All the above transactions are exclusive of GST, wherever applicable. GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

I. Intra-State supply – 9% CGST and 9% SGST

II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to

Q. Nos. 42.1 to 42.4 below:

#### Question 42.1

In respect of the goods supplied by X to its agent A in Rajasthan, the value of supply shall be

- (A) ₹ 1,10,000  
 (B) ₹ 72,000  
 (C) Nil, since the supply between agent and principal without consideration is not a supply.  
 (D) ₹ 80,000 or at the option of X - ₹ 90,000

**Answer (D) ₹ 80,000 or at the option of X - ₹ 90,000**

Principal and Agent transactions between u/s 7(1)(c) – Rule 29, at the option of the supplier for each supply – OMV (or) 90% of the price at which recipient supplies like kind and quality to unrelated buyer on the same day, OMV (80,000) or 90% on 1,00,000 – 90,000 whichever is beneficial to the Principal. 29

#### Question 42.2

GST payable on the services of incorporation of the company provided by Rudra Consultancy to X is .

- (A) ₹ 6,300 and full input tax credit of the same is available to X  
 (B) ₹ 3,600 and full input tax credit of the same is available to X  
 (C) ₹ 6,300 and input tax credit of ₹ 3,600 is available to X  
 (D) ₹ 6,300 and no input tax credit is available to X

**Answer (A) ₹ 6,300 and full input tax credit of the same is available to X**

Consultancy and legal fees charged by Rudra consultancy which is incurred in the course or furtherance of business of Mr. X so ITC is available to Mr. X.

## Question 42.3

Which of the following statements is true in respect of import of digital data warehousing services and online gaming services?

- Ⓐ IGST of ₹ 1,08,000 is payable by X under reverse charge mechanism and full input tax credit of the same is available to X.
- Ⓑ Service providers i.e. Mazon Inc. and Balibaba Inc. need to obtain registration as OIDAR (Online Information Database Access and Retrieval) service providers and pay IGST of ₹ 1,08,000 and no input tax credit is available to X.
- Ⓒ IGST of ₹ 90,000 is payable by X under reverse charge mechanism and no input tax credit of the same is available to X.
- Ⓓ No GST is payable since import of services by individuals for personal use is specifically exempt under GST.

**Answer (C)** IGST of ₹ 90,000 is payable by X under reverse charge mechanism and no input tax credit of the same is available to X.

Import of services by a person other than non-taxable recipient then taxable under RCM u/s 9(3) & services imported which is for personal purpose, so ITC not available to Mr. X .

## Question 42.4

Which of the following statements is true in respect of the sponsorship fee paid by Rajasthan branch of X to Ganga Solutions?

- Ⓐ X is liable to pay IGST of ₹ 90,000.
- Ⓑ Ganga Solutions is liable to pay IGST of ₹ 90,000.
- Ⓒ X is liable to pay CGST and SGST of ₹ 45,000 each.
- Ⓓ Ganga Solutions is liable to pay CGST and SGST of ₹ 45,000 each.

**Answer (D)** Ganga Solutions is liable to pay CGST and SGST of ₹ 45,000 each.

Sponsorship services by Organizer of event to Firm or Body Corporate (If recipient is other than body corporate or firm, it is covered under FCM), so recipient is sole proprietorship, GST is payable by Ganga Solutions Service provider is in Rajasthan & POS is also in Rajasthan, therefore intra state supply.

N O T E S

NOTES