

Appendix – A

Computation of NET GST Payable (Consolidated provisions):

QUESTION -1: [NOV 18 (New) – 6M]

Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka) has provided the following information for the month of February 2018:

	Particulars	Amount in ₹
(i)	Intra-state taxable supply of service	5,20,000
(ii)	Legal fee paid to a Lawyer located within the state	20,000
(iii)	Rent paid to the State Govt. for his office building	30,000
(iv)	Received for services towards conduct of exams in Love all University, Pune (recognized by law), being an inter-state transaction	16,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Thiraj for the month of February, 2018.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given above are exclusive of taxes.

Answer:

Computation of net GST liability by Mr. Thiraj for the month of February, 2018

S.No.	Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output supply					
(i)	Intra-State taxable supply of services	5,20,000	46,800	46,800	
(iv)	Services towards conduct of exams in Loveall University, Pune [Note-1]	16,000			Exempt

Inward supply					
(ii)	Legal fee paid to lawyer located within State[Note-2]	20,000	1,800	1,800	
(iii)	Rent paid to State Government for Office Building [Note-3]	30,000	<u>2,700</u>	<u>2,700</u>	
Total tax liability			51,300	51,300	
Less: Cash paid towards tax payable under reverse charge [A] [Note-4]			<u>(4,500)</u>	<u>(4,500)</u>	
Output tax payable against which IT C can be set off			46,800	46,800	
Less: IT C of tax paid on legal fees and rent			<u>(4,500)</u>	<u>(4,500)</u>	
Output tax payable after set off of ITC [B]			42,300	42,300	
Net GST liability [A] + [B]			46,800	46,800	

Notes: -

1. Since Loveall University provides education recognized by law, it is an educational institution and services provided to an educational institution, by way of conduct of examination by such institution are exempt from GST.
2. In case of legal services provided by an advocate to any business entity GST is payable under reverse charge by the recipient of service.
3. In case of services supplied by, inter alia, State Government by way of renting of immovable property to a person registered under the CGST Act, GST is payable under reverse charge by the recipient of service
4. The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under

reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

QUESTION -2: **[May 19 (Old) – 8M]**

Mr. Uttam Kumar a registered supplier of service in Kolkata, has provided following information for the month of October 2018:

Particulars	Amount (₹)
Intra-State taxable supply of service	6,40,000
Amount received from Kapola Pvt. Ltd., for service provided to company. (He is a director in Kapola P. Ltd.), being Intra-State transaction.	5,00,000
Paid legal fee to senior advocate for one legal matter within State, being Intra-State transaction.	50,000
Amount received for service provided by him as a commentator. to a local recognized sports body, being Intra-State transaction	1,20,000
Amount received for acting as a coach in recreational activities relating to sports, from one local charitable entity registered under section 12AA of the Income Tax Act, 1961, being Intra-State transaction	30,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Uttam Kumar for the month of October, 2018. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively. All the amounts given are exclusive of CGST, SGST and IGST, wherever applicable.

Computation of net GST liability of Mr. Uttam Kumar October, 2018

Particulars	Amount (₹)	CGST (₹)	SGST (₹)
Intra-State taxable supply of service	6,40,000	57,600	57,600
Add: Amount received from Kapola Pvt. Ltd. for service provided to company, being	5,00,000	Nil	Nil

intra-State transaction ¹ [Note-1]			
Add: Legal fee paid to senior advocate for one legal matter within the State, being intra-State transaction ² [Note-2]	50,000	4,500	4,500
Add: Amount received for services provided as a commentator to a local recognized sports body, being intra-State transaction [Note-3]	1,20,000	10,800	10,800
Add: Amount received for acting as a coach in recreational activities relating to sports from one local charitable entity registered under section 12AA of the Income Tax Act, 1961, being intra-State transaction [Note-4]	30,000	Nil	Nil
Total tax payable		72,900	72,900
Less: Cash paid towards tax payable under reverse charge [A] [Note-5]		4,500	4,500

¹ It has been assumed that services provided to Kapola Pvt. Ltd. by Mr. Uttam Kumar are in the capacity of being a director in the company.

² It has been assumed that the turnover of Mr. Uttam Kumar in the previous year 2017-18 exceeded ₹ 20,00,000.

Output tax payable against which ITC can be set off		68,400	68,400
Less: ITC of tax paid on legal fees paid to senior advocate ³		4,500	4,500
Output tax payable after set off of ITC [B]		63,900	63,900
Net GST liability [A] + [B]		68,400	68,400

Notes:

1. Services supplied by a director of a company to the said company are taxable under reverse charge and thus, the tax leviable thereon will be paid by the company.
2. Services provided by a senior advocate by way of legal services are taxable under reverse charge and thus, the tax leviable thereon will be paid by Mr. Uttam Kumar.
3. Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body is exempt from GST vide exemption notification. However, services provided as a commentator to a local recognized sports body is taxable.
4. Services by way of coaching in recreational activities relating to sports by charitable entities registered under section 12AA of the Income-tax Act are exempt from GST vide exemption notification.
5. The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

Question 3: [NOV 18 (New) – 4M]

From the following information, compute the Net GST payable for the month of March, 2018: -

	Output GST	Amount in ₹ Opening ITC as Per credit ledger
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³ It has been assumed that the matter for which the legal fees is paid to the senior advocate is in the course or furtherance of business.

CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

Answer.**Computation of net GST payable for the month of March, 2018**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output tax payable	2,000	15,000	24,000
Less: Utilization of IGST Credit	(2,000)- IGST	(11,000)- IGST	(24,000)- IGST
Less: Utilization of SGST Credit		(1,000)- SGST	
Net GST payable	Nil	3,000	Nil

Note: Input tax credit of IGST has been used to pay IGST, CGST or SGST in any manner and in any proportion.

Question 4:**[RTP MAY 18]**

Tirupati Traders, a registered supplier of goods, pays GST [CGST & SGST or IGST, as the case may be] under regular scheme. It has furnished the following particulars for a tax period: -

Particulars	₹
Value of intra-State supply of goods	12,000
Value of intra-State purchase of goods	10,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by Tirupati Traders during the given tax period assuming that there is no opening balance of input tax credit (ITC). Make suitable assumptions wherever required.

Answer.

(i) Computation of net GST payable

Particulars	CGST (₹)	SGST (₹)
GST payable on intra-State supply of goods [Being an intra-State supply, CGST and SGST is payable on the same]	1,080 (₹12,000 x 9%)	1,080 (₹12,000 x 9%)
Less: Input tax credit (ITC) on intra-State purchase of goods [CGST and SGST paid on the intra-State purchases of goods]	900 (₹10,000 x 9%)	900 (₹10,000 x 9%)
Net GST payable	180	180

Question 5:**[RTP NOV 19]**

Mr. X, a supplier of goods, pays GST under regular scheme. The amount of input tax credit (ITC) available and output tax liability under different tax heads is as under:-

Head	Output tax liability	ITC
IGST	2,000	4,000
CGST	800	2,000
SGST / UT GST	2,500	500

Compute the minimum GST payable in cash by Mr. X. Make suitable assumptions as required.

Answer.

Mr. X can use the ITC to pay his output tax liability. The order of utilisation of ITC is as under:-

(i)	IGST credit should first be utilized towards payment of IGST.
(ii)	Remaining IGST credit, if any, can be utilized towards payment of CGST and SGST /UTGST in any order and in any proportion.
(iii)	Entire ITC of IGST should be fully utilized before utilizing the ITC of CGST or SGST /UT GST.

(iv)	ITC of CGST should be utilized for payment of CGST and IGST in that order.
(v)	ITC of SGST /UT GST should be utilized for payment of SGST /UT GST and IGST in that order. However, ITC of SGST /UT GST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully
(vi)	CGST credit cannot be utilized for payment of SGST /UTGST and SGST /UTGST credit cannot be utilized for payment of CGST.

Computation of minimum GST payable in cash

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
GST payable	800	2,500	2,000
Less: ITC	-	(2,000)- IGST	(2,000)- IGST
	(800)- CGST	(500) - SGST	
Net GST payable in cash	Nil	Nil	Nil

Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, it is beneficial to use ITC of IGST to pay SGST (after paying IGST liability) to minimize cash outflow

Question 6: [MAY 18 (New) – 6M] [RTP MAY 18] [MTP NOV 2019]

Mr. X, a supplier of goods, pays GST under regular scheme. He has made the following outward taxable supplies in a tax period:

Particulars	(Rs.)
Intra-State supply of goods	8,00,000
Inter-State supply of goods	3,00,000

He has also furnished the following information in respect of purchases made by him in that tax period:

Particulars	(Rs.)
Intra-State purchases of goods	2,00,000
Inter-State purchases of goods	50,000

Mr. X has following ITCs with him at the beginning of the tax period:

Particulars	(Rs.)
CGST	57,000
SGST	Nil
IGST	70,000

Note:

- I. Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- II. Both inward and outward supplies are exclusive of taxes, wherever applicable.
- III. All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum GST, payable in cash, by Mr. X during the tax period. Make suitable assumptions as required.

Answer.

a) Computation of minimum GST payable in cash by Mr. X on outward supplies

S.No.	Particulars	(₹)	GST (₹)
(i)	Intra-State supply of goods		
	CGST @ 9% on Rs. 8,00,000	72,000	
	SGST @ 9% on Rs. 8,00,000	<u>72,000</u>	1,44,000
(ii)	Inter-State supply of goods		
	IGST @ 18% on Rs. 3,00,000		54,000
	Total GST payable		1,98,000

Computation of total ITC

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	57,000	Nil	70,000
Add: ITC on Intra-State purchases of goods valuing Rs. 2,00,000	18,000	18,000	Nil
Add: ITC on Inter-State purchases	Nil	Nil	9,000

of goods valuing Rs. 50,000			
Total ITC	75,000	18,000	79,000

Computation of minimum GST payable from cash ledger

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
GST payable	72,000	72,000	54,000
Less: ITC	(Nil)-IGST	(25,000)-IGST	(54,000)- IGST
	(72,000)-CGST	(18,000) – SGST	
Minimum GST payable in cash	Nil	29,000	Nil

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

Question 7: **[RTP MAY 2019]**

Mr. Ekaant, a supplier registered in Delhi, is engaged in the business of sale and purchase of plastic raincoats. He furnishes the following information pertaining to inward/outward supply made by him for the month of July, 20XX:

Particulars	Amount (₹ in lakh)
Value of inter-State outward supply to registered persons	30
Value of intra-State outward supply to registered persons	50
Value of intra-State outward supply to unregistered persons	15
Value of intra-State inward supply from registered persons	10
Value of inter-State inward supply from registered persons	5
Value of intra-State inward supply from unregistered persons	2

Following additional information is also provided by Mr. Ekaant:-

Particulars	Amount (₹ in lakh)
IGST credit on capital goods purchased in the month of July	1.5
CGST / SGST credit on other inward supplies [including credit of ₹ 5,000 (CGST and SGST each) on account of membership of a club]	0.5 (CGST and SGST each)
Availed consultancy services from Mr. Sujit, lawyer located in Delhi [Intra-State services]	1

The amount of ITC brought forward in the month of July, 20XX is as under:

CGST: ₹ 2 lakh

SGST: ₹ 2 lakh

IGST: ₹ 5 lakh

Calculate the net GST liability (CGST and SGST or IGST, as the case may be) to be paid in cash for the month of July, 20XX by assuming the rates of GST as under:

CGST	9%
SGST	9%
IGST	18%

Note:

- (i) All the amounts given above are exclusive of taxes.
- (ii) All the conditions necessary for availing the ITC have been fulfilled.

Answer.

Computation of net GST liability of Mr. Ekaant

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Total tax liability				
Value of intra-State legal consultancy services i.e. inward supplies liable to reverse charge mechanism (to be paid in cash) (A) [Note-1]	1,00,000	9,000	9,000	-

Value of inter-State outward supplies (B1)	30,00,000	-	-	5,40,000
Value of intra-State outward supplies to registered as well as unregistered persons (B2) (₹ 50,00,000+ ₹15,00,000)	65,00,000	5,85,000	5,85,000	-
Total (B) = (B1) +(B2)		5,85,000	5,85,000	5,40,000
Input tax Credit				
Brought forward ITC		2,00,000	2,00,000	5,00,000
Value of intra-State inward supplies from registered person [Note-2]	10,00,000	90,000	90,000	
Value of inter-State inward supplies from registered person [Note-2]	5,00,000	-	-	90,000
Value of intra-State inward supplies from unregistered person [Note-3]	2,00,000	-	-	-
IGST credit of capital goods [Note- 2]				1,50,000
Credit on other inward supplies purchased in the month of July less credit on membership of a club [Note-2 & 4]		45,000	45,000	-
Credit of legal consultancy services [Note-2]		9,000	9,000	-

Total (C)		3,44,000	3,44,000	7,40,000
Net liability (B)-(C)		2,41,000	2,41,000	(2,00,000)
Less: Set off from IGST credit [Note-5]		(1,00,000)	(1,00,000)	-
Liability after set off (D)		1,41,000	1,41,000	Nil
Net GST liability to be paid in cash (A) + (D)		1,50,000	1,50,000	Nil

Notes: -

- Services supplied by an individual advocate to any business entity located in the taxable territory by way of legal services, directly or indirectly are taxable under reverse charge mechanism. Thus, tax is payable by the recipient (Mr. Ekaant) on said services to the Government. Further, as per section 49(4) of the CGST Act, 2017, amount available in the electronic credit ledger [ITC amount] may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax in terms of section 2(82) of the CGST Act, 2017. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.
- Every registered person is entitled to take credit of input tax charged on any inward supply of goods and/or services which are used or intended to be used in the course or furtherance of his business in terms of section 16 of CGST Act, 2017. Further "input tax" in relation to a registered person includes the tax payable under reverse charge mechanism in terms of section 2(62) of the CGST Act, 2017.
- Intra-State supplies received by a registered person from any unregistered supplier, are exempt from the whole of the central tax leviable thereon under section 9(4) till 30.09.2019 [Notification No.8/2017 CT (R) dated 28.06.2017]. Since no tax has been paid, so no credit is available.
- Input tax credit is not allowed in respect of membership of a club in terms of section 17(5) of CGST Act, 2017.
- Input tax credit of IGST has been used to pay IGST and CGST or SGST in any manner and in any proportion.

Question 8: [MAY 19 (new) – 8M]

Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies for the month of September 2018:

Intra-State supply of goods	₹ 25,00,000
Inter-State supply of goods	₹ 5,00,000

He has also made the following inward supply:

Intra-State purchase of goods from registered dealer	₹14,00,000
Intra-State purchase of goods from unregistered dealer	₹ 2,00,000
Inter-State purchase of goods from registered dealer	₹ 4,00,000

Balance of ITC at the beginning of September 2018:

CGST	₹95,000
SGST	₹60,000
IGST	₹50,000

Additional Information:

- He purchased a car (Intra-State supply) used for business purpose at a price of ₹ 6,72,000/- (including CGST of ₹ 36,000 & SGST of ₹ 36,000) on September 15, 2018. He capitalized the full value including GST in the books on the same date to claim depreciation.
- Out of Inter-State purchase from registered dealer, goods worth ₹ 1,00,000 were received on October 3, 2018 due to road traffic jams.

Note:

- Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled except mentioned above.
- Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of September, 2018.

Answer:**Computation of net GST payable in cash of Mr. Himanshu for September, 2018**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<u>Total tax liability</u>				
Intra-State outward supplies of goods	25,00,000	2,25,000	2,25,000	
Inter-State outward supplies of goods	5,00,000			90,000
Total tax liability (A)		2,25,000	2,25,000	90,000
<u>Input Tax Credit (ITC)</u>				
Brought forward ITC		95,000	60,000	50,000
Intra-State purchase of goods from registered dealer [Note-1]	14,00,000	1,26,000	1,26,000	
Inter-State purchase of goods from registered dealer [Note-1 and Note 4]	3,00,000	-	-	54,000
Intra-State purchase of goods from unregistered dealer [Note-2]	2,00,000	-	-	-
Purchase of car used for business purpose [Note-3]	-	-	-	-
Total ITC (B)		2,21,000	1,86,000	1,04,000
Net GST liability = (A)-(B)		4,000	39,000	(14,000)
Less: Set off from IGST credit [Note-5]		(4,000)	(10,000)	
Net GST payable in cash		Nil	29,000	Nil

Notes:

1. Every registered person is entitled to take credit of input tax charged on any inward supply of goods used/intended to be used in the course/furtherance of his business.
2. Intra-State supplies received by a registered person from any unregistered supplier, are exempt from the whole of the tax leviable thereon under reverse charge till 30.09.2019. Since no tax has been paid, so no credit is available.
3. Input tax paid on capital goods cannot be availed as IT C if depreciation has been claimed on such tax component. Moreover, IT C on motor vehicle (car) is blocked under section 17(5) of CGST Act, 2017.
4. A registered person is entitled to avail input tax in respect of any supply of goods to him only if he has actually received the said goods. Since goods worth ₹ 1,00,000 have not been received by Mr. Himanshu in the month of September 2018, credit in respect of same cannot be claimed in the said month.
5. Input tax credit of IGST has been used to pay IGST, CGST and SGST in that order.

QUESTION - 9:**[RTP NOV 18].**

M/s. Shri Durga Corporation Pvt. Ltd. is a supplier of goods and services at Kolkata. It has furnished the following information for the month of February, 20XX:

	Particulars	Amount (₹)
(i)	Intra-State sale of taxable goods including ₹ 1,00,000 received as advance in January, 20XX, the invoice for the entire sale value is issued on 15th February, 20XX	4,00,000
(ii)	Goods purchased from unregistered dealer on 20th February, 20XX (Inter-State purchases are worth ₹ 30,000 and balance purchases are intra-State)	1,00,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000

(iv)	Goods transport services received from a GTA. GTA is paying tax @12% (It is an inter-State transaction)	2,00,000
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Compute net GST liability (CGST, SGST or IGST, as the case may be) of M/s Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX.

Assume the rates of GST, unless otherwise specified, as under:

CGST	9%
SGST	9%
IGST	18%

Note: -

- The turnover of M/s. Shri Durga Corporation Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.
- All the amounts given above are exclusive of taxes.

Answer

Computation of GST liability of M/s. Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX.

Particulars	Value of Supply	CGST (₹)	SGST (₹)	IGST (₹)
Intra -State sale of taxable goods [Note-1]	4,00,000	36,000	36,000	
Goods purchased from unregistered dealer on 20 th February, 20XX [Note-2]	Nil	Nil	Nil	
Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-3]	1,00,000	9,000	9,000	
Goods transport services received from GTA [Note-4]	2,00,000			Nil

Total GST liability for the month of February, 20XX	45,000	45,000	Nil
Less: Input tax credit available [Note-5] (₹ 2,00,000 x 12%)	<u>24,000</u>		

Net GST liability for the month of February, 20XX	21,000	45,000	Nil
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Notes:

1. Section 12 of CGST Act, 2017 read with Notification No. 66/2017 CT dated 15.11.2017 provides that the time of supply for all suppliers of goods (excluding composition suppliers) is the time of issue of invoice, without any turnover limit. Thus, liability to pay tax on the advance received in January, 20XX will also arise in the month of February, when the invoice for the supply is issued.
2. All intra-State and inter-State procurements made by a registered person from unregistered person have been exempted from reverse charge liability, without any upper limit for daily procurements upto 30.06.2018. [Notification No. 8/2017CT (R) dated 28.06.2017 as amended and Notification No. 32/2017 IT(R) dated 13.10.2017 as amended]
3. 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 are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. Labour contracts **for repairing** are thus, taxable.
4. As per Notification No. 13/2017 CT(R) dated 28.06.2017, GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA) provided such GTA has not **paid** GST @ 12%. Since in the given case, services have been received from a GTA who has paid GST @ 12%, reverse charge provisions will not be applicable.
5. Input tax credit is available for the services received from GTA. The input tax credit of IGST can be used against IGST, CGST and SGST in the respective order vide section 49(5) of CGST Act, 2017.

QUESTION - 10: [RTP NOV 21].

Namo Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Narad Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Namoshankar Ltd. has furnished the following details for the current month:

S. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of the goods (excluding GST)	10,000	30,000
(ii)	Packing charges	500	
(iii)	Commission	500	
(iv)	Weighment charges		2,000
(v)	Discount for prompt payment (recorded in the invoice)		1,000

Answer:**Computation of GST liability**

S.No	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
i	Price of goods	10,000	30,000
ii	Add: Packing charges (Note-1)	500	
iii	Add: Commission (Note-1)	500	
iv	Add: Weighment charges (Note-1)	-	2,000
v	Less: Discount for prompt payment (Note-2)	-	1,000
	Value of taxable supply	11,000	31,000
	IGST payable @ 18% (Note-3)	1,980	
	CGST payable @ 9% (Note-4)		2,790
	SGST payable @ 9% (Note-4)		

Notes: 1. Incidental expenses, including commission and packing, charged by supplier to recipient of supply is includible in the value of supply. Weighment charges are also incidental expenses, hence includible in the value of supply [Section 15 of the CGST Act, 2017]. 2. Since discount is known at the time of supply, it is deductible from the

value in terms of section 15 of the CGST Act, 2017. 3. Since supply made to Narad Traders is an inter-State supply, IGST is payable in terms of section 5 of the IGST Act, 2017. 4. Since supply made to Nandi Motors Ltd. is an intra-State supply, CGST & SGST is payable on the same.

QUESTION - 11: [MTP May 22– 8M].

Riddhi & Co., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount (₹)
Intra-State supply of goods	10,00,000
Inter-State supply of goods	8,00,000

It has also furnished the following information in respect of purchases made by it in that tax period:

Particulars	Amount (₹)
Intra-State purchases of goods	3,00,000
Inter-State purchases of goods	2,50,000

Riddhi & Co. has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	60,000
IGST	1,40,000

Note:

- I. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
 - II. Both inward and outward supplies are exclusive of taxes, wherever applicable.
 - III. All the conditions necessary for availing ITC have been fulfilled.
- Compute the minimum GST, payable in cash, by Riddhi & Co. for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required.

Answer:**1. Computation of GST payable on outward supplies**

S.No.	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
(i)	Intra-State supply of goods for ₹ 10,00,000	90,000	90,000		1,80,000
(ii)	Inter-State supply of goods for ₹ 8,00,000			1,44,000	1,44,000
Total GST payable					3,24,000

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	60,000	1,40,000
Add: ITC on Intra-State purchases of goods valuing ₹ 3,00,000	27,000	27,000	Nil
Add: ITC on Inter-State purchases of goods valuing ₹ 2,50,000	Nil	Nil	45,000
Total ITC	84,000	87,000	1,85,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
GST payable	90,000	90,000	1,44,000	3,24,000
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(38,000) IGST	(3,000) IGST	(1,44,000) IGST	1,85,000
	(52,000)	(87,000)		1,39,000

	CGST	SGST		
Minimum GST payable in cash	Nil	Nil	Nil	Nil
ITC balance to be carried forward next month	32,000	Nil	Nil	32,000

Note : The above computation is one of the many ways to set off the ITC of IGST (₹ 41,000-after set off against IGST liability) against CGST and SGST liability to compute minimum GST payable in cash. To illustrate, IGST of ₹ 10,000 can be set off against SGST payable and IGST of ₹ 31,000 can be set off against CGST payable. In this situation also, the net GST payable will be nil but the ITC of CGST and SGST to be carried forward will be ₹ 25,000 and ₹ 7,000 (totaling to ₹ 32,000) respectively. However, if the entire ITC of ₹ 41,000 is set off against CGST payable, then SGST of ₹ 3,000 will be payable in cash thus, increasing the cash outflow. Therefore, such a set off would not be advisable for computing the minimum GST payable.

QUESTION - 12: **[MTP May 22– 8M].**

Alfa Institute of Management (AIM), a private college, is registered under GST in the State of Punjab. AIM provides the following particulars for the month of April, 2021:

SI. No.	Particulars	Amount (₹)
i.	Tuition fee received from students pursuing management courses recognised by Punjab University, established by an Act of State Legislature	18,00,000
ii.	Tuition fee received from students pursuing under-graduate courses recognised by Stan University, London under Dual Degree programmes	8,50,000
iii.	Fee received from students of competitive exam training academy run by a Department of AIM	5,40,000
iv.	Mess fees received from students pursuing qualification recognized by Indian law (Mess is run by AIM on its own)	3,20,000
v.	Amount paid to Local Municipal Corporation for premises taken on rent for conducting coaching classes for competitive exams	50,000
vi.	Legal services availed from Top Care & Co., a	20,000

	Partnership firm of advocates, for the competitive exam training academy (Intra-state transaction)	
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Note:

The aggregate turnover of AIM in the preceding financial year exceeds ₹ 20 lakh. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both outward and inward supplies. All the amounts given above are exclusive of taxes, wherever applicable. All the conditions necessary for availing the ITC have been fulfilled, wherever applicable. There is no opening balance of ITC under any head of tax. From the information given above, you are required to calculate the Value of taxable supply and minimum GST liability (CGST, SGST or IGST as the case may be) to be paid in cash, if any, by AIM for the month of April, 2021.

Answer:

Computation of value of taxable supply and net GST liability to be paid in cash by AIM for April, 2021

Particulars	Amount (₹)
Tuition fee received from students pursuing recognized management courses [Note-1]	Nil
Tuition fee received from students pursuing undergraduate courses recognized by Foreign University [Note-2]	8,50,000
Fee received from students of Competitive Exam Training Academy [Note-3]	5,40,000
Mess fees received from students [Note-4]	Nil
Total value of taxable supply	13,90,000

Particulars	CGST (₹)	SGST (₹)
GST liability under forward charge @ 9% [Note-5]	1,25,100	1,25,100
<i>Services on which tax is payable under reverse charge:</i>		
Rent paid to Local Municipal Corporation [Note-6]	4,500	4,500
Legal services received from Top Care & Co., a partnership firm of advocates [Note-7]	1,800	1,800
GST liability under reverse charge payable in cash	6,300	6,300

[A] [Note-8]		
Output tax payable against which ITC can be set off	1,25,100	1,25,100
Less: ITC of renting immovable property and legal services	6,300	6,300
Output tax payable after set off of ITC [B]	1,18,800	1,18,800
Net GST liability payable in cash [A] + [B]	1,25,100	1,25,100

Notes:-

1. Services provided by an educational institution to its students are exempt. Further, educational institution means inter alia an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by an Indian law. Therefore, tuition fee received by Punjab University, being an educational institution, is exempt, since it provides qualification recognised by Indian law.
2. Tuition fee received by Stan University is taxable since Stan University is not an educational institution as qualification provided by it is not recognised by Indian law.
3. Fee received from students of competitive exam training academy is taxable as Department of AIM is not an educational institution since competitive exam training does not lead to grant of a recognized qualification.
4. Catering services provided by educational institutions to its students are exempt.
5. Since all the services provided are intra-State, CGST and SGST @ 9% is charged
6. GST is payable under reverse charge in case of renting of immovable property services supplied by a local authority to a registered person.
7. GST is payable under reverse charge in case of legal services supplied by a firm of advocates to a business entity.
8. The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.