

**CA INTERMEDIATE
MAY/NOV '23 RESOURCE
BOOK- ANSWERS TO
ASSIGNMENT**



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ANSWERS TO ASSIGNMENT ON COMPOSITE SUPPLY V. MIXED SUPPLY (PAGE NO. 45 OF RESOURCE BOOK):



QUESTION	NATURE	JUSTIFICATION	GST PAYABLE
1. SUPPLY OF A LAPTOP BAG (28%) ALONG WITH THE LAPTOP (18%) TO A CUSTOMER OF MUMBAI FOR ₹55,000 (EXCLUSIVE OF GST). WHAT IS THE GST PAYABLE?	COMPOSITE SUPPLY	<ul style="list-style-type: none"> - TWO OR MORE TAXABLE SUPPLIES - LAPTOP AND LAPTOP BAG ARE NATURALLY BUNDLED IN ORDINARY COURSE OF BUSINESS - LAPTOP IS PRINCIPAL SUPPLY 	$\text{₹}55,000 \times 18\% = \text{₹}9,900$
2. SUPPLY OF 10,000 KITS (AT ₹50 EACH) AMOUNTING TO ₹5,00,000 (EXCLUSIVE OF GST) TO RAM FANCY STORE. EACH KIT CONSISTS OF 1 HAIR OIL, 1 BEAUTY SOAP AND 1 HAIR COMB. RATE OF GST FOR HAIR OIL IS 18%, BEAUTY SOAP IS 28% AND HAIR COMB IS 12%. COMPUTE GST PAYABLE?	MIXED SUPPLY	<ul style="list-style-type: none"> - TWO OR MORE TAXABLE SUPPLIES - HAIR OIL, BEAUTY SOAP AND HAIR COMB ARE NOT NATURALLY BUNDLED IN THE ORDINARY COURSE OF BUSINESS - SINGLE PRICE - HIGHEST RATE SUPPLY IS BEAUTY SOAP 	$\text{₹}5,00,000 \times 28\% = \text{₹}1,40,000$
3. MRS. KAJAL HAS HIRED OUT 1,400 CHAIRS AND 100 COOLERS TO FUNCTION GARDEN, AJMER (RAJASTHAN) FOR ₹3,30,000 (EXCLUSIVE OF GST) INCLUDING COST OF TRANSPORTING THE CHAIRS AND COOLERS FROM MRS. KAJAL'S GODOWN AT JAIPUR TO THE FUNCTION GARDEN, AJMER. SERVICE OF RENTING OF CHAIRS AND COOLERS TAXABLE @ 12%	COMPOSITE SUPPLY	<ul style="list-style-type: none"> - TWO OR MORE TAXABLE SUPPLIES - HIRING AND TRANSPORTATION ARE NATURALLY BUNDLED IN ORDINARY COURSE OF BUSINESS - RENTING IS PRINCIPAL SUPPLY 	$\text{₹}3,30,000 \times 12\% = \text{₹}39,600$

TRANSPORTATION SERVICE IS TAXABLE @ 5%			
4. AGRAWAL CARRIERS IS A GOODS TRANSPORT AGENCY (GTA) WHICH IS ENGAGED IN TRANSPORTATION OF GOODS BY ROAD. AS PER THE GENERAL BUSINESS PRACTICE, AGRAWAL CARRIERS ALSO PROVIDES INTERMEDIARY AND ANCILLARY SERVICES LIKE LOADING/ UNLOADING, PACKING/ UNPACKING, TRANSHIPMENT AND TEMPORARY WAREHOUSING, IN RELATION TO TRANSPORTATION OF GOODS BY ROAD. WITH REFERENCE TO THE PROVISIONS OF GST LAW, ANALYSE WHETHER SUCH SERVICES ARE TO BE TREATED AS PART OF THE GTA SERVICE, BEING A COMPOSITE SUPPLY, OR AS SEPARATE SUPPLIES.	COMPOSITE SUPPLY	<ul style="list-style-type: none"> - TWO OR MORE TAXABLE SUPPLIES - TRANSPORTATION AND ANCILLARY SERVICES ARE NATURALLY BUNDLED IN ORDINARY COURSE OF BUSINESS - TRANSPORTATION IS PRINCIPAL SUPPLY <p><u>NOTE:</u> EVEN IF INVOICED SEPARATELY, THE ANSWER IS SAME.</p>	GST RATE OF TRANSPORTATION IS APPLICABLE ON ENTIRE SUPPLY.
5. A HOUSE IS GIVEN ON RENT THROUGH A SINGLE RENT DEED TO AN UNREGISTERED PERSON - ONE FLOOR OF WHICH IS TO BE USED AS RESIDENCE AND THE OTHER FOR PRINTING PRESS, AT A LUMP SUM RENT AMOUNT. WHAT IS THE NATURE OF SUPPLY - COMPOSITE OR MIXED?	MIXED SUPPLY	<ul style="list-style-type: none"> - ALL SUPPLIES INVOLVED ARE NOT TAXABLE - NOT NATURALLY BUNDLED - SINGLE PRICE - HIGHEST RATE SUPPLY IS RENTING FOR COMMERCIAL PURPOSE 	ENTIRE RENT TAXABLE AT THE RATE APPLICABLE TO RENTING FOR COMMERCIAL PURPOSE
6. A SUPPLY OF A PACKAGE CONSISTING OF CANNED FOODS, SWEETS, CHOCOLATES, CAKES, DRY FRUITS, AERATED DRINK AND FRUIT JUICES WHEN SUPPLIED FOR A SINGLE PRICE.	MIXED SUPPLY	<ul style="list-style-type: none"> - TWO OR MORE TAXABLE SUPPLIES - THE GIVEN GOODS ARE NOT NATURALLY BUNDLED IN THE ORDINARY COURSE OF BUSINESS - SINGLE PRICE 	GST PAYABLE ON ENTIRE VALUE AT HIGHEST RATE OF GIVEN SUPPLIES.

<p>7. SAGAR LTD. SUPPLYING A KIT WHICH CONTAINS A TIE (12%), A WATCH (28%), A WALLET (28%), AND A PEN (12%), AS A COMBO, FOR ₹4,500. TIE, WATCH, WALLET, AND PEN ARE BUNDLED AS A KIT. THE KIT IS SUPPLIED FOR A SINGLE PRICE. DETERMINE NATURE OF SUPPLY AND GST PAYABLE?</p>	<p>MIXED SUPPLY</p>	<ul style="list-style-type: none"> - TWO OR MORE TAXABLE SUPPLIES - THE GIVEN GOODS ARE NOT NATURALLY BUNDLED IN THE ORDINARY COURSE OF BUSINESS - SINGLE PRICE 	<p>₹4,500 X 28% = ₹1,260</p>
<p>8. SPACE BAZAR OFFERS A FREE BUCKET WITH DETERGENT PURCHASED. IS IT COMPOSITE SUPPLY OR MIXED SUPPLY? ASSUME RATE OF GST FOR DETERGENT @28% AND BUCKET @18%.</p>	<p>MIXED SUPPLY</p>	<ul style="list-style-type: none"> - TWO OR MORE TAXABLE SUPPLIES - DETERGENT AND BUCKET ARE NOT NATURALLY BUNDLED IN ORDINARY COURSE OF BUSINESS - HIGHEST RATE SUPPLY IS DETERGENT 	<p>GST @ 28% PAYABLE ON ENTIRE VALUE</p>
<p>9. A TRAVEL TICKET FROM CHENNAI TO MUMBAI INCLUDES TRANSPORTATION OF PASSENGERS BY AIR (5%), SERVICE OF FOOD ON BOARD (12%), INSURANCE (18%).</p>	<p>COMPOSITE SUPPLY</p>	<ul style="list-style-type: none"> - TWO OR MORE TAXABLE SUPPLIES - TRANSPORTATION AND ANCILLARY SERVICES ARE NATURALLY BUNDLED IN ORDINARY COURSE OF BUSINESS - TRANSPORTATION IS PRINCIPAL SUPPLY 	<p>GST PAYABLE ON ENTIRE VALUE OF TICKET @ 5%</p>
<p>10. ROYAL RIMS LLP IS PROVIDING SERVICES OF REPAIRS & MAINTENANCE OF CAR, AND IN THE INVOICE VALUE OF GOODS (28%) AND SERVICES (18%) ARE SHOWN SEPARATELY</p>	<p>COMPOSITE SUPPLY</p>	<p>AS PER CBIC CIRCULAR, IT IS TAXABLE SEPARATELY.</p>	<p>GOODS TAXABLE AT 28% AND SERVICES TAXABLE AT 18%</p>

ANSWERS TO EXEMPTIONS & RCM (PAGE NO. 58 OF RESOURCE BOOK):

S.NO.	TRANSACTION	WHETHER TAXABLE OR EXEMPTED?	WHO IS LIABLE TO PAY GST?
1.	MR. ATUL IS AN AGENT OF LIFE INSURANCE CO. THE INSURANCE COMPANY PAYS COMMISSION (EXCLUDING TAX) ₹6 LAKH TO HIM.	TAXABLE	LIFE INSURANCE CO. (RCM)
2.	TEMPORARY TRANSFER OF COPYRIGHT PERTAINING TO MUSIC COMPOSED BY MR. A.R RAHMAN (REGISTERED PERSON) TO ARISE PVT. LTD. (A REGISTERED PRODUCTION COMPANY).	TAXABLE	ARISE PVT. LTD (RCM)
3.	SERVICES PROVIDED BY MR. SHYAM (A RECOVERY AGENT TO HDFC BANK) AGAINST COMMISSION OF ₹40,000.	TAXABLE	HDFC BANK (RCM)
4.	TEMPORARY TRANSFER OF COPYRIGHT ON 5/10/2020 PERTAINING TO A BOOK AUTHORED BY MR. THARUN RAJ (REGISTERED PERSON) TO TAXMANN PUBLICATIONS PVT. LTD. (A REGISTERED PUBLISHER). MR. THARUN RAJ WANTED TO AVAIL ITC W.R.TO INWARD SUPPLIES MADE BY HIM.	TAXABLE	MR. THARUN RAJ (FCM) (LOCK IN PERIOD OF 1 YEAR)
5.	SERVICES PROVIDED BY MR. MOHAN A BUSINESS FACILITATOR TO BANK OF BARODA FOR ITS RURAL BRANCH FOR A COMMISSION OF ₹15,000	EXEMPTED	-
6.	M/S. SURYA TRAVELS (REGISTERED PERSON) HAS GIVEN ON HIRE AN ELECTRIC CAR TO MRF LTD. (REGISTERED PERSON). SURYA TRAVELS RAISES INVOICE ON MRF LTD. TO PAY GST @ 12%.	TAXABLE	M/S SURYA TRAVELS (FCM) [RCM NOT APPLICABLE, AS RATE OF GST IS NOT 5%]
7.	M/S. VIJAY TRAVELS (REGISTERED PERSON) HAS GIVEN ON HIRE A TEMPO TRAVELLER TO SWAMY ASSOCIATES (A REGISTERED ATTORNEY FIRM). M/S VIJAYA TRAVELS RAISES INVOICE ON SWAMY ASSOCIATES FOR 5%.	TAXABLE	M/S VIJAY TRAVELS (FCM) [RCM NOT APPLICABLE, AS RECIPIENT IS NOT A BODY CORPORATE]
8.	ZOOM CARS PRIVATE LIMITED (A REGISTERED PERSON) HAS GIVEN A CAR ON HIRE TO XYZ LTD. (A REGISTERED PERSON). ZOOM CARS PRIVATE LIMITED HAS OPTED TO PAY GST @ 5%.	TAXABLE	ZOOM CARS (P) LTD. (FCM) [RCM NOT APPLICABLE, AS SUPPLIER IS A BODY CORPORATE]
9.	INNOVATE PVT. LTD. PAID ₹50,00,000 AS SPONSORSHIP MONEY TO AN EVENT ORGANISED BY INDIAN HOCKEY FEDERATION	TAXABLE	INNOVATE (P) LTD. (RCM)

10.	M/S. GANESH TRAVELS (A REGISTERED PERSON) HAS GIVEN A TEMPO TRAVELLER ON HIRE TO ABC LTD. (A REGISTERED PERSON). M/S GANESH TRAVELS HAS OPTED TO PAY GST @ 5%.	TAXABLE	ABC LTD. (RCM) [ALL CONDITIONS SATISFIED]
11.	M/S. SURAJ TRAVELS (A REGISTERED PERSON) HAS GIVEN A BUS ON HIRE TO PQR LTD. (A REGISTERED PERSON). M/S. SURAJ TRAVELS HAS OPTED TO PAY GST @ 12%.	TAXABLE	M/S SURAJ TRAVELS (FCM) [RCM NOT APPLICABLE, AS GST RATE IS NOT 5%]
12.	M/S. ABC SECURITY AGENCY (A REGISTERED PARTNERSHIP FIRM) HAS PROVIDED SECURITY SERVICES TO M/S. FUTURE LTD. M/S. FUTURE LTD. IS NOT REGISTERED UNDER GST AS THEIR AGGREGATE TURNOVER HAS NOT EXCEEDED THE THRESHOLD LIMIT.	TAXABLE	M/S ABC SECURITY AGENCY (FCM) [RCM NOT APPLICABLE, AS RECIPIENT IS NOT REGISTERED]
13.	M/S. HIGH ALERT SECURITY AGENCY (A SOLE PROPRIETORSHIP FIRM) PROVIDED SECURITY AGENCY SERVICES TO M/S. BEST WISHES (REGISTERED), WHO IS OPTING FOR COMPOSITION SCHEME. 	TAXABLE 	HIGH ALERT SECURITY AGENCY (FCM) [RECIPIENT EVEN THOUGH REGISTERED, OPTING FOR COMPOSITIO N SCHEME, SO RCM NOT APPLICABLE]
14.	X IS A SENIOR ADVOCATE IN BOMBAY HIGH COURT. FORD LTD. HAS APPROACHED X (SENIOR ADVOCATE) TO PROVIDE LEGAL ASSISTANCE IN RELATION TO LITIGATION.	TAXABLE [ASSUMING THAT FORD LTD. TURNOVER DURING PY > THRESHOLD LIMIT]	FORD LTD. (RCM)
15.	MR. MANOJ IS AN ADVOCATE WHO PROVIDED SERVICES TO B LTD. WHOSE TURNOVER DURING PREVIOUS YEAR IS ₹800 LAKHS	TAXABLE	B LTD (RCM)
16.	XYZ LTD. AVAILED SERVICES OF VIMAL GOODS TRANSPORT AGENCY FOR TRANSPORTATION OF GOODS BY ROAD FROM FACTORY LOCATED IN NEW DELHI TO ITS JAIPUR DEPOT AND PAID FREIGHT OF ₹1,00,000.	TAXABLE	<u>OPTION (I):</u> FCM – GTA SHALL PAY GST @12% (WITH ITC) (OR) @ 5% (WITHOUT ITC)

			OPTION (II): RCM – XYZ LTD SHALL PAY GST @ 5%
17.	RANKA JEWELLERS LTD. PAID ₹50 LAKHS FOR SPONSORSHIP OF MISS INDIA BEAUTY PAGEANT FOR SPONSORSHIP SERVICES.	TAXABLE	RANKA JEWELLERS LTD. (RCM)
18.	SERVICE PROVIDED BY MR. JOSEPH IN THE CAPACITY OF MANAGING DIRECTOR TO ABC P. LTD.	NOT A SUPPLY [MD IS AN EMPLOYEE]	-
19.	MR. BATRA IS AN ARBITRATOR AND HE PROVIDED SERVICES TO M/S. SAVE NATURE (GOVERNMENT AGENCY) WHOSE TURNOVER DURING PREVIOUS YEAR IS ₹400 LAKHS	EXEMPTED	-
20.	INFRASTRUCTURAL SUPPORT SERVICES PROVIDED BY GOVERNMENT TO A BUSINESS ENTITY WHOSE TURNOVER DURING PREVIOUS YEAR EXCEEDS THE THRESHOLD LIMIT	TAXABLE	BUSINESS ENTITY (RCM)
21.	RENTING OF IMMOVABLE PROPERTY SERVICES PROVIDED BY GOVERNMENT TO BUSINESS ENTITY (UNREGISTERED) DURING PREVIOUS YEAR.	TAXABLE	IF REGISTERED DURING CY → RCM IF UNREGISTERED DURING CY → FCM
22.	DEPARTMENT OF POLICE, T.N PROVIDED SECURITY SERVICES TO M/S. TAJ GROUP OF HOTELS, WHOSE TURNOVER DURING PREVIOUS YEAR EXCEEDS THE THRESHOLD LIMIT AND THE CHARGES IS ₹20,000	TAXABLE	TAJ GROUP OF HOTELS (RCM)
23.	SERVICES PROVIDED BY AN ARBITRAL TRIBUNAL TO ANY BUSINESS ENTITY WHOSE TURNOVER DURING PREVIOUS YEAR > THRESHOLD LIMIT	TAXABLE	BUSINESS ENTITY (RCM)
24.	MR. ARVIND, A SENIOR ADVOCATE PROVIDED HIS SERVICE TO FIRM OF ADVOCATES, WHO IN TURN PROVIDED SERVICES TO CENTRAL GOVERNMENT	EXEMPTED (CENTRAL GOVERNMENT DEEMED TO BE RECIPIENT)	-
25.	YES BANK LOCATED IN NAGPUR, APPOINTED MR. MAHESH AS A RECOVERY AGENT FOR COLLECTING OUTSTANDING BALANCE AMOUNT OF LOAN FROM ONE OF ITS CUSTOMER. MR. MAHESH PROVIDED SERVICE TO YES BANK FOR WHICH IT CHARGED A FEE.	TAXABLE	YES BANK (RCM)
26.	CHETAN BHAGAT (UNREGISTERED UNDER GST) A RENOWNED WRITER AND AUTHOR OF 2 STATES TRANSFERRED THE COPYRIGHT OF HIS PUBLISHED BOOK 2 STATES TO BALAJI TELEFILM PRODUCTIONS LTD FOR A CONSIDERATION.	TAXABLE	BALAJI TELEFILM PRODUCTIONS LTD. (RCM)

27.	MR. SANTOSH RECEIVED 40 LAKHS AS A CONSIDERATION FOR TRANSFER OF DEVELOPMENT RIGHTS RELATED TO A PROMOTER	TAXABLE	PROMOTER (RCM)
28.	MR. RAMANA, A CLEARING AND FORWARDING AGENT RENDERED SERVICES TO M/S. LIFT LTD.	TAXABLE	MR. RAMANA (FCM)
29.	APJ SECURITY SERVICES PRIVATE LIMITED (UNREGISTERED) PROVIDED SECURITY SERVICES TO BRAINERY LIMITED (REGISTERED).	TAXABLE	APJ SECURITY SERVICES (P) LTD (FCM) [GST NOT PAYABLE, AS SUPPLIER IS UNREGISTERED]
30.	M/S. ABC ROAD LINES A GTA PROVIDED SERVICES TO A PARTNERSHIP FIRM FOR TRANSPORTATION OF ORGANIC MANURE. THEY OPTED TO PAY GST UNDER FCM.	EXEMPTED	-

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ANSWERS TO ASSIGNMENT ON BLOCKED CREDIT (PAGE NO. 115 OF RESOURCE BOOK):

S.NO	INWARD SUPPLY	WHETHER ITC AVAILABLE?	JUSTIFICATION
1.	MR. X (CHARTERED ACCOUNTANT) PURCHASED CAR FOR USE IN HIS BUSINESS	NO	MOTOR VEHICLE USED FOR TRANSPORTATION OF PERSONS – CAPACITY DOES NOT EXCEED 13 (INCL. DRIVER) – NOT COVERED UNDER EXCEPTIONS
2.	COOL CAB P. LTD. PURCHASED 4 CARS FOR USE IN THE BUSINESS OF TRANSPORTATION OF PASSENGERS	YES	MOTOR VEHICLE USED FOR TRANSPORTATION OF PERSONS – CAPACITY DOES NOT EXCEED 13 (INCL. DRIVER) –COVERED UNDER EXCEPTIONS
3.	MRF LTD. PURCHASED A BUS (40-SEATER EXCL. DRIVER) FOR TRANSPORTATION OF ITS EMPLOYEES	YES	MOTOR VEHICLE USED FOR TRANSPORTATION OF PERSONS – CAPACITY EXCEEDS 13 (INCL. DRIVER) –NOT A BLOCKED CREDIT
4.	TAGORE SCHOOL PURCHASED A SCHOOL BUS (12-SEATER EXCL. DRIVER) FOR TRANSPORTATION OF STUDENTS	NO	TRANSPORTATION OF STUDENTS, FACULTY AND STAFF IS AN EXEMPTED SUPPLY. SO, ITC NOT AVAILABLE ON INWARD SUPPLIES
5.	PIZZA HUT PURCHASED 10 TWO WHEELERS FOR FOOD DELIVERY	YES	<u>ICAI VIEW:</u> MOTOR VEHICLE NOT USED FOR TRANSPORTATION OF PERSONS. SO, NOT A BLOCKED CREDIT. AN ALTERNATIVE VIEW CAN BE TAKEN THAT IT IS USED FOR TRANSPORTATION OF PERSONS AND NOT COVERED UNDER EXCEPTIONS, SO IT IS BLOCKED CREDIT.
6.	FORD LTD. RECEIVED THE SERVICES OF AUTHORIZED SERVICE STATION WITH RESPECT TO THE TRUCKS OWNED BY IT.	YES	TRUCKS AS NOT BLOCKED ITC. THEREFORE, SUCH SERVICES ARE ELIGIBLE FOR ITC.
7.	CAR PURCHASED BY A MANUFACTURING COMPANY FOR OFFICIAL USE OF ITS EMPLOYEES	NO	MOTOR VEHICLE USED FOR TRANSPORTATION OF PERSONS – CAPACITY DOES NOT EXCEED 13 (INCL. DRIVER) – NOT COVERED UNDER EXCEPTIONS
8.	CAR PURCHASED BY A DEALER FOR SALE TO CUSTOMERS	YES	MOTOR VEHICLE USED FOR TRANSPORTATION OF PERSONS – CAPACITY DOES NOT EXCEED 13 (INCL. DRIVER) – COVERED UNDER EXCEPTIONS – FURTHER SUPPLY
9.	CARS PURCHASED BY A COMPANY ENGAGED IN RENTING OUT CARS FOR TRANSPORTATION OF PASSENGERS	YES	MOTOR VEHICLE USED FOR TRANSPORTATION OF PERSONS – CAPACITY DOES NOT EXCEED 13 (INCL. DRIVER) – COVERED UNDER EXCEPTIONS – FURTHER SUPPLY

10.	CARS PURCHASED BY A CAR DRIVING SCHOOL	YES	MOTOR VEHICLE USED FOR TRANSPORTATION OF PERSONS – CAPACITY DOES NOT EXCEED 13 (INCL. DRIVER) – COVERED UNDER EXCEPTIONS
11.	TRUCKS PURCHASED BY A COMPANY FOR TRANSPORTATION OF ITS FINISHED GOODS	YES	MOTOR VEHICLE NOT USED FOR TRANSPORTATION OF PERSONS. SO, NOT A BLOCKED CREDIT.
12.	AIRCRAFT PURCHASED BY RIL FOR TRANSPORTATION OF ITS DIRECTOR	NO	AIRCRAFT AND VESSEL ARE BLOCKED ITC. PRESENT CASE, NOT COVERED UNDER EXCEPTIONS.
13.	RENT-A-CAB SERVICE RECEIVED BY A COMPANY IN BPO OPERATIONS FOR TRANSPORTATION OF ITS EMPLOYEES IS, WHERE IT IS MANDATED BY STATE GOVERNMENT TO PROVIDE TRAVEL FACILITIES TO EMPLOYEES WORKING IN NIGHT SHIFTS.	YES	RENT-A-CAB IS BLOCKED ITC, AS SUCH MOTOR VEHICLE, IF PURCHASED IS NOT ELIGIBLE FOR ITC. HOWEVER, IT IS COVERED UNDER EXCEPTIONS, I.E., EMPLOYER TO EMPLOYEE UNDER A STATUTORY OBLIGATION. SO, ITC AVAILABLE.
14.	MBF LTD., AN AUTOMOBILE COMPANY, HAS AVAILED WORKS CONTRACT SERVICE FOR CONSTRUCTION OF A FOUNDATION ON WHICH A MACHINERY (TO BE USED IN THE PRODUCTION PROCESS) IS TO BE MOUNTED PERMANENTLY.	YES	WORKS CONTRACT SERVICE USED FOR CONSTRUCTION OF AN IMMOVABLE PROPERTY BEING PLANT & MACHINERY, IS NOT A BLOCKED ITC.
15.	SHAH & CONSTRUCTIONS PROCURED CEMENT, PAINT, IRON RODS AND SERVICES OF ARCHITECTS AND INTERIOR DESIGNERS FOR CONSTRUCTION OF A COMMERCIAL COMPLEX FOR ONE OF ITS CLIENTS.	YES	GOODS PROCURED FOR CONSTRUCTION OF IMMOVABLE PROPERTY IS NOT A BLOCKED ITC, IF THE SAID PURCHASE IS MADE FOR CONSTRUCTION TO THEIR CLIENTS.
16.	ABC LTD. AVAILED MAINTENANCE & REPAIR SERVICES FROM “JAGGI MOTORS” FOR A TRUCK USED FOR TRANSPORTING ITS FINISHED GOODS.	YES	MOTOR VEHICLES ARE FINISHED GOODS OF ABC LTD. AND THERE IS NO RESTRICTION W.R.TO REPAIR AND MAINTENANCE SERVICES.

ANSWERS TO ASSIGNMENT ON IMPORT OF SERVICES (PAGE NO. 140 OF RESOURCE BOOK):

S.NO.	ACTIVITY	WHETHER IT CONSTITUTES SUPPLY UNDER SEC. 7(1)(B) OR 7(1)(C)?	WHETHER IT IS TAXABLE SUPPLY OR EXEMPTED SUPPLY?	WHO IS LIABLE TO PAY GST?
1	A LTD. (UNREGISTERED) IMPORTED CONSULTANCY SERVICES FROM M/S. HILLTOP MANAGEMENT CONSULTANTS (AUSTRALIA) FOR A CONSIDERATION OF \$10,000	SUPPLY U/S 7(1)(B)	OTHER THAN OIDAR SERVICES IMPORTED BY OTHER THAN NTR ∴ IT IS TAXABLE	A LTD SHALL PAY GST UNDER RCM [COMPULSORY REG. U/S 24]
2	MR. A (UNREGISTERED) IMPORTED MARKETING SERVICES FROM FACEBOOK INC. (USA) AGAINST \$100 FOR PERSONAL PURPOSE	SUPPLY U/S 7(1)(B)	OIDAR SERVICES ∴ IT IS TAXABLE	AS MR. A IS NTR, FACEBOOK INC. SHALL PAY GST UNDER FCM [COMPULSORY REG. U/S 24]
3	M/S DO WELL CHARITABLE TRUST (REGISTERED) IMPORTED MICROSOFT INC. (USA) ONE DRIVE SERVICES FOR STORING ITS DOCUMENTS FOR A CONSIDERATION OF \$400	SUPPLY U/S 7(1)(B)	OIDAR SERVICES ∴ IT IS TAXABLE	M/S DO WELL TRUST SHALL PAY GST UNDER RCM
4	A LTD. (UNREGISTERED) IMPORTED TECHNICAL SERVICES FROM ITS HOLDING COMPANY IN UK W/O CONSIDERATION	SUPPLY U/S 7(1)(C)	OTHER THAN OIDAR SERVICES BY OTHER THAN NTR ∴ IT IS TAXABLE	A LTD SHALL PAY GST UNDER RCM [COMPULSORY REG. U/S 24]
5	PQR & CO, A PARTNERSHIP FIRM (UNREGISTERED) IMPORTED CLOUD COMPUTING SERVICES FROM MICROSOFT INC. (USA) AGAINST A CONSIDERATION OF \$4,000	SUPPLY U/S 7(1)(B)	OIDAR SERVICES ∴ IT IS TAXABLE	IF THE SAID SERVICE IMPORTED FOR BUSINESS PURPOSE, THEN PQR & CO SHALL PAY GST UNDER RCM [COMPULSORY REG. U/S 24]
6	JATIN, A PROPRIETOR, HAS RECEIVED THE ARCHITECT SERVICES FOR HIS HOUSE IN PUNJAB FROM AN ARCHITECT LOCATED IN NEW YORK AT AN AGREED CONSIDERATION OF \$ 5,000.	SUPPLY U/S 7(1)(B)	OTHER THAN OIDAR SERVICES BY NTR ∴ IT IS EXEMPTED	-

7	ABC ASSOCIATES RECEIVED TECHNICAL SUPPORT SERVICES FROM ITS HEAD OFFICE LOCATED IN MALAYSIA. THE HEAD OFFICE HAS RENDERED SUCH SERVICES FREE OF COST TO ITS BRANCH OFFICE.	SUPPLY U/S 7(1)(C)	OTHER THAN OIDAR SERVICES BY OTHER THAN NTR ∴ IT IS TAXABLE	ABC ASSOCIATES SHALL PAY GST UNDER RCM
8	RAMAN IS AN ELECTRONIC COMMERCE OPERATOR IN CHENNAI (GST REGISTERED). HIS SON WHO IS SETTLED IN LONDON IS A WELL-KNOWN LAWYER. RAMAN HAS TAKEN LEGAL ADVICE FROM HIM FREE OF COST WITH REGARD TO HIS FAMILY DISPUTE.	NOT A SUPPLY [EVEN THOUGH IMPORT FROM A RELATED PERSON, IT IS NOT IN THE COURSE (OR) FURTHERANCE OF BUSINESS]	-	-
9	RAMAN IS AN ELECTRONIC COMMERCE OPERATOR IN CHENNAI (GST REGISTERED). HIS BROTHER WHO IS SETTLED IN LONDON IS A WELL-KNOWN LAWYER. RAMAN HAS TAKEN LEGAL ADVICE FROM HIM FREE OF COST WITH REGARD TO HIS BUSINESS MATTER.	NOT A SUPPLY [BROTHER IS NOT DEPENDENT AS MR. RAMAN, SO IT IS NOT A IMPORT FROM RELATED PERSON]	-	-
10	STATE GOVT OF TN RECEIVED LEGAL ADVICE FOR A LITIGATION & PAID 1,000 POUND AS A LEGAL FEES TO MR. ANTONY OF U.K. (LONDON).	SUPPLY U/S 7(1)(B)	OTHER THAN OIDAR SERVICES BY NTR IS <u>EXEMPTED</u>	-

ANSWERS TO ASSIGNMENT ON ADVOCATE SERVICES (PAGE NO. 145 OF RESOURCE BOOK):

S.NO	SUPPLIER	RECIPIENT	LIABILITY TO PAY GST
1	INDIVIDUAL ADVOCATE (OTHER THAN SENIOR)	INDIVIDUAL ADVOCATE (SENIOR), WHOSE ATO DURING PY \leq THRESHOLD LIMIT FOR REGISTRATION	EXEMPTED [SERVICES TO AN INDIVIDUAL ADVOCATE OR FIRM OF ADVOCATES IS EXEMPTED]
2	INDIVIDUAL ADVOCATE (OTHER THAN SENIOR)	INDIVIDUAL ADVOCATE (SENIOR), WHOSE ATO DURING PY $>$ THRESHOLD LIMIT FOR REGISTRATION	EXEMPTED [SERVICES TO AN INDIVIDUAL ADVOCATE OR FIRM OF ADVOCATES IS EXEMPTED]
3	FIRM OF ADVOCATES	A LTD (ATO DURING PY = ₹ 18 LAKHS, ATO DURING CY = ₹22 LAKHS) NOTE: APPLICABLE THRESHOLD LIMIT IS ₹20 LAKHS	EXEMPTED, AS ATO DURING PY DOES NOT EXCEED THRESHOLD LIMIT
4	FIRM OF ADVOCATES	A LTD (ATO DURING PY = ₹ 16 LAKHS, OBTAINED VOLUNTARY REGISTRATION) NOTE: APPLICABLE THRESHOLD LIMIT IS ₹20 LAKHS	EXEMPTED, AS ATO DURING PY DOES NOT EXCEED THRESHOLD LIMIT
5	INDIVIDUAL ADVOCATE (OTHER THAN SENIOR)	M/S. RMN & CO. PARTNERSHIP FIRM ENGAGED IN EXEMPTED SUPPLIES, WHOSE ATO IS ₹80 LAKHS DURING PY. THEY ARE NOT REGISTERED DURING PY AND CY.	TAXABLE, AS ATO DURING PY $>$ THRESHOLD LIMIT FOR REGISTRATION. M/S RMN & CO, SHALL REGISTER AND PAY GST UNDER RCM.
6	SENIOR ADVOCATE	INDIVIDUAL	EXEMPTED
7	SENIOR ADVOCATE	GOVERNMENT AGENCY, WHOSE ATO DURING PY $>$ THRESHOLD LIMIT FOR REGISTRATION	EXEMPTED
8	ARBITRATOR	A LTD., WHOSE ATO DURING PY \leq THRESHOLD LIMIT FOR REGISTRATION	EXEMPTED
9	SENIOR ADVOCATE	FIRM OF ADVOCATES, WHO IN TURN PROVIDED SERVICES TO XYZ LTD. (ATO DURING PY $>$ THRESHOLD LIMIT)	TAXABLE – GST PAYABLE BY XYZ LTD. UNDER RCM (XYZ LTD. DEEMED TO BE RECIPIENT FOR SENIOR ADVOCATE)
10	SENIOR ADVOCATE	INDIVIDUAL ADVOCATE, WHO IN TURN PROVIDED SERVICES TO AN INDIVIDUAL	EXEMPTED [INDIVIDUAL DEEMED TO BE RECIPIENT FOR SENIOR ADVOCATE]

ANSWERS TO ASSIGNMENT ON TRANSPORTATION SERVICES (PAGE NO. 148 OF RESOURCE BOOK):

S.NO.	ACTIVITY	TAXABLE/ EXEMPTED		JUSTIFICATION
1.	PASSENGER TRANSPORTATION - METRO TRAVEL	EXEMPTED		METRO, MONO AND TRAMWAY IS EXEMPTED
2.	PASSENGER TRANSPORTATION - AIR TRAVEL	TAXABLE (FCM)		AS NO INFORMATION IS AVAILABLE REGARDING THE PLACE OF EMBARKATION OR DISEMBARKATION, EXEMPTION W.R.TO NORTH EASTERN STATES AND BAGDOGRA IS NOT AVAILABLE IN THE PRESENT CASE.
3.	PASSENGER TRANSPORTATION - RADIO TAXI TRAVEL	TAXABLE	THROUGH ECO ⇒ ECO SHALL PAY DIRECT (FCM)	RADIO TAXI IS ALWAYS TAXABLE
4.	PASSENGER TRANSPORTATION - RAIL TRAVEL IN SLEEPER CLASS	EXEMPTED		RAIL TRAVEL - ANY FIRST CLASS (OR) ANY AC TRAVEL IS TAXABLE. OTHER CASES, IT IS EXEMPTED
5.	COURIER AGENCY SERVICES	TAXABLE (FCM)		EXEMPTION NOT AVAILABLE W.R.TO COURIER SERVICES
6.	TRANSPORT OF PILGRIMS BY CABLE CAR TO THE HOLY SHRINE SITUATED AT THE MOUNTAIN TOP	TAXABLE (FCM)		NOT COVERED UNDER EXEMPTIONS W.R.TO TRANSPORTATION SERVICES
7.	TRANSPORTATION OF TOURISTS IN A ROPEWAY TO UPHILL IN OOTY	TAXABLE (FCM)		NOT COVERED UNDER EXEMPTIONS W.R.TO TRANSPORTATION SERVICES
8.	AMOUNT CHARGED FROM CORPORATE CUSTOMERS BY COURIER AGENCY	TAXABLE (FCM)		EXEMPTION NOT AVAILABLE W.R.TO COURIER SERVICES
9.	HIRE TO STATE TRANSPORT UNDERTAKING OF A MINI BUS, THAT CAN CARRY 10 PASSENGERS	TAXABLE (FCM)		ONLY WHEN THE CAPACITY OF THE BUS > 12 PASSENGERS, IT IS EXEMPTED.
10.	COURIER AGENCY COLLECTED AMOUNT FROM CUSTOMERS WHO COME TO THEIR OFFICE	TAXABLE (FCM)		EXEMPTION NOT AVAILABLE W.R.TO COURIER SERVICES
11.	PASSENGER TRANSPORTATION - RAIL TRAVEL BY GENERAL CLASS	EXEMPTED		RAIL TRAVEL - ANY FIRST CLASS (OR) ANY AC TRAVEL IS TAXABLE.

			OTHER CASES, IT IS EXEMPTED
12.	PASSENGER TRANSPORTATION - RAIL TRAVEL BY 1 ST CLASS AIR-CONDITIONED COACH	TAXABLE (FCM)	RAIL TRAVEL BY ANY AC COACH IS ALWAYS TAXABLE
13.	PASSENGER TRANSPORTATION - RAIL TRAVEL BY 2 TIER AIR-CONDITIONED COACH	TAXABLE (FCM)	RAIL TRAVEL BY ANY AC COACH IS ALWAYS TAXABLE
14.	PASSENGER TRANSPORTATION - RAIL TRAVEL BY 3 TIER AIR-CONDITIONED COACH	TAXABLE (FCM)	RAIL TRAVEL BY ANY AC COACH IS ALWAYS TAXABLE
15.	PASSENGER TRANSPORTATION - BY NATIONAL WATERWAYS	EXEMPTED	GOODS OR PASSENGERS TRANSPORTED BY INLAND WATERWAYS IS EXEMPTED
16.	PASSENGER TRANSPORTATION - BY STAGE CARRIAGE (A/C)	TAXABLE (FCM)	AC STAGE CARRIAGE IS NOT COVERED UNDER EXEMPTION
17.	PASSENGER TRANSPORTATION - BY NON-AIR-CONDITIONED CONTRACT CARRIAGE FOR TOURISM	TAXABLE (FCM)	NON AC CONTRACT CARRIAGE, OTHER THAN FOR TOURISM (OR) HIRE, IS EXEMPTED. IN CASE OF TOURISM (OR) HIRE IT IS TAXABLE.
18.	TRANSPORT OF CHEMICAL FERTILIZERS BY RAIL	TAXABLE (FCM)	NOT COVERED UNDER NOTIFIED GOODS
19.	TRANSPORT OF DEFENSE AND MILITARY EQUIPMENTS BY RAIL	EXEMPTED	NOTIFIED GOODS
20.	A BUS MEANT TO CARRY 40 PASSENGERS IS GIVEN ON HIRE TO ANDHRA PRADESH ROAD TRANSPORT CORPORATION (APSRTC)	EXEMPTED	AS CAPACITY OF THE BUS EXCEEDS 12 PASSENGERS, THIS CASE IS SPECIFICALLY COVERED UNDER EXEMPTIONS
21.	PASSENGER TRANSPORTATION - RAIL TRAVEL IN AC TRAIN	TAXABLE (FCM)	RAIL TRAVEL BY ANY AC COACH IS ALWAYS TAXABLE
22.	PASSENGER TRANSPORTATION - TRAVEL IN A CAR RENTED FOR THE WHOLE DAY ON LUMP SUM CONSIDERATION (RENTING OF MOTOR CAB)	TAXABLE (FCM)	NOT COVERED UNDER EXEMPTIONS W.R.TO TRANSPORTATION SERVICES
23.	TRANSPORTATION OF POSTAL MAELS AND POSTAL BAGS BY RAIL	TAXABLE (FCM)	NOT COVERED UNDER NOTIFIED GOODS
24.	TRANSPORTATION OF HOUSEHOLD EFFECTS BY RAIL	TAXABLE (FCM)	NOT COVERED UNDER NOTIFIED GOODS

25.	TRANSPORT OF PETROLEUM PRODUCTS BY RAIL	TAXABLE (FCM)	NOT COVERED UNDER NOTIFIED GOODS
26.	TRANSPORT OF RELIEF MATERIALS TO FLOOD AFFECTED AREAS BY RAIL	EXEMPTED	NOTIFIED GOODS
27.	TRANSPORT OF NEWSPAPERS AND MAGAZINES REGISTERED WITH REGISTRAR OF NEWSPAPERS BY RAIL	EXEMPTED	NOTIFIED GOODS
28.	TRANSPORTATION OF MILK BY RAIL	EXEMPTED	NOTIFIED GOODS
29.	TRANSPORTATION OF RICE BY RAIL	EXEMPTED	NOTIFIED GOODS – FOOD GRAINS
30.	TRANSPORTATION OF ALCOHOLIC BEVERAGES BY RAIL	TAXABLE (FCM)	NOT COVERED UNDER NOTIFIED GOODS
31.	TRANSPORTATION OF PASSENGER FROM CHENNAI TO GUJRAT PORT IN A VESSEL, OTHER THAN FOR TOURISM PURPOSE.	EXEMPTED	TRANSPORTATION OF PASSENGER BY VESSEL BETWEEN PLACES IN INDIA, OTHER THAN FOR TOURISM PURPOSE, IS EXEMPTED
32.	TRANSPORTATION OF PASSENGER IN METERED CAB	EXEMPTED	METERED CAB (OR) AUTO RICKSHAW IS EXEMPTED
33.	A GOODS CARRIAGE CARRYING 3 CONSIGNMENTS (ALL BELONGING TO DIFFERENT PERSONS) AT A FREIGHT OF ₹ 1,400 EACH	TAXABLE – FCM (OR) RCM	GTA
34.	A GOODS CARRIAGE CARRYING 15 CONSIGNMENTS (ALL BELONGING TO DIFFERENT PERSONS) AT A FREIGHT OF ₹ 500 EACH	TAXABLE – FCM (OR) RCM	GTA
35.	A GOODS CARRIAGE CARRYING 5 CONSIGNMENTS (BOOKED BY FIVE DIFFERENT PERSONS BUT ADDRESSED TO THE SAME CONSIGNEE) AT A FREIGHT OF ₹ 1,800 EACH	TAXABLE – FCM (OR) RCM	GTA
36.	A GOODS CARRIAGE CARRYING 5 CONSIGNMENTS (BOOKED BY FIVE DIFFERENT PERSONS BUT ADDRESSED TO THE SAME CONSIGNEE)	TAXABLE – FCM (OR) RCM	GTA

	AT A FREIGHT OF ₹ 400 EACH		
37.	PASSENGER TRANSPORTATION – TRANSPORT BY AIR-CONDITIONED CONTRACT CARRIAGES	TAXABLE (FCM)	
38.	PASSENGER TRANSPORTATION – TRANSPORT BY NON-AIR CONDITIONED CONTRACT CARRIAGE OTHER THAN FOR TOURISM PURPOSE	EXEMPTED	
39.	PASSENGER TRANSPORTATION – TRANSPORT BY RADIO TAXI WHETHER OR NOT AIR CONDITIONED	TAXABLE	THROUGH ECO ⇒ ECO SHALL PAY DIRECT (FCM)
40.	GTA SERVICES – TRANSPORTATION OF WHEAT	EXEMPTED	
41.	GTA SERVICES – TRANSPORT OF GOODS FROM FACTORY TO AIRPORT	TAXABLE – FCM (OR) RCM	
42.	GTA SERVICES – TRANSPORTATION OF GOODS FROM FACTORY TO LAND CUSTOMS STATION	TAXABLE	FCM OR RCM
43.	TRANSPORTATION OF CONSIGNMENT BELONGING TO MR. A IN A SINGLE GOODS CARRIAGE WHERE TOTAL FREIGHT CHARGED IS ₹1,750	EXEMPTED	
44.	TRANSPORTATION OF CONSIGNMENT BELONGING TO MR. A (NOT IN A SINGLE GOODS CARRIAGE) WHERE TOTAL FREIGHT CHARGED IS ₹600	TAXABLE – FCM (OR) RCM	
45.	TRANSPORTATION OF AGRICULTURAL PRODUCE IN AIRCRAFT	TAXABLE (FCM)	
46.	TRANSPORTATION OF GOODS BY AIRCRAFT FROM INDIA TO OUTSIDE INDIA	UPTO 30.9.22 → EXEMPTED	W.E.F 1.10.22 → TAXABLE
47.	TRANSPORTATION OF GOODS BY VESSEL FROM INDIA TO OUTSIDE INDIA	UPTO 30.9.22 → EXEMPTED	W.E.F 1.10.22 → TAXABLE

48.	TRANSPORTATION OF GOODS BY VESSEL FROM OUTSIDE INDIA TO INDIA	TAXABLE → FCM (OR) RCM, DEPENDS UPON POS	ALWAYS TAXABLE
49.	TRANSPORTATION OF GOODS BY AIRCRAFT FROM OUTSIDE INDIA TO INDIA	EXEMPTED	SPECIFICALLY EXEMPTED
50.	TRANSPORTATION OF PASSENGERS BY OLA/UBER	TAXABLE (ECO)	RADIO TAXI IS ALWAYS TAXABLE. OLA/UBER SHALL PAY GST TO GOVT



ANSWERS TO ASSIGNMENT ON COMPOSITION SCHEME (PAGE NO. 176 OF RESOURCE BOOK)**ILLUSTRATION – 1:**

XYZ LTD IS A MANUFACTURING COMPANY LOCATED IN BANGALORE. DURING THE FINANCIAL YEAR 2019-20 TOTAL VALUE OF SUPPLIES INCLUDING INWARD SUPPLIES TAXED UNDER REVERSE CHARGE BASIS ARE 1,54,00,000. THE BREAKUP OF SUPPLIES IS AS FOLLOWS: -

- i) INTRASTATE SUPPLIES OF GOODS CHARGEABLE TO NIL RATE OF GST - ₹15,00,000
- ii) INTRA STATE SUPPLIES MADE UNDER FORWARD CHARGE - ₹1,20,00,000
- iii) INTEREST INCOME ON DEPOSITS - ₹5,00,000
- iv) INTRA STATE SUPPLIES OF GOODS EXEMPTED UNDER SECTION 11 OF CGST ACT - ₹ 9,00,000
- v) INWARD SUPPLIES OF GOODS ON WHICH TAX IS PAYABLE UNDER RCM - ₹ 5,00,000.

EXPLAIN WHETHER XYZ IS ELIGIBLE TO OPT FOR COMPOSITION SCHEME IN FINANCIAL YEAR 2020-21.

AS PER SECTION 10(1) OF CGST ACT, A REGISTERED PERSON IN KARNATAKA, WHOSE AGGREGATE TURNOVER IN THE PRECEDING FINANCIAL YEAR DOES NOT EXCEED ₹1.5 CRORES MAY OPT FOR PAYMENT OF TAX UNDER COMPOSITION SCHEME

- AGGREGATE TURNOVER AS PER SECTION 2(6) OF CGST ACT, WHICH 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 AM INDIA BASIS
- EXCLUDES CENTRAL TAX, STATE TAX, UNION TERRITORY TAX, INTEGRATED TAX AND CESS.

ALSO, AS PER EXPLANATION 1 TO SEC. 10 OF CGST ACT, WHILE COMPUTING AGGREGATE TURNOVER, CONSIDERATION BY WAY OF INTEREST OR DISCOUNT ON LOANS, ADVANCES (OR) DEPOSITS SHALL BE EXCLUDED.

COMPUTATION OF AGGREGATE TURNOVER FOR THE ABOVE CASE

S.NO.	PARTICULARS	AMOUNT (₹)
(I)	SUPPLIES CHARGEABLE TO NIL RATE OF GST	15,00,000
(II)	SUPPLIES MADE UNDER FORWARD CHARGE	1,20,00,000
(III)	INTEREST INCOME ON DEPOSITS (TO BE EXCLUDED)	NIL
(IV)	SUPPLIES OF GOODS UNDER EXEMPTED CATEGORY	9,00,000
(V)	INWARD SUPPLIES OF GOODS ON WHICH TAX IS PAYABLE UNDER RCM (TO BE EXCLUDED)	NIL
	TOTAL	1,44,00,000

SINCE, THE AGGREGATE TURNOVER DOES NOT EXCEED ₹ 1,50,00,000 DURING THE PRECEDING FINANCIAL YEAR 2019-20, THUS XYZ LTD SHALL BE ELIGIBLE TO OPT FOR COMPOSITION SCHEME FOR THE FINANCIAL YEAR 2020-21.

#BENEFIT UNDER SEC. 10(2A) IS NOT APPLICABLE AS AGGREGATE TURNOVER DURING PREVIOUS YEAR EXCEEDS ₹50 LAKHS

ILLUSTRATION – 2:

LAKSHANA LTD IS A MANUFACTURING COMPANY LOCATED IN KARNATAKA, HAS BEEN REGISTERED UNDER COMPOSITION SCHEME FURNISHES THE FOLLOWING INFORMATION FOR THE FINANCIAL YEAR 2020-21. IT REQUIRES YOU TO DETERMINE ITS COMPOSITION TAX LIABILITY AND TOTAL TAX LIABILITY. IN FINANCIAL YEAR 2020-21 TOTAL VALUE OF SUPPLIES INCLUDING INWARD SUPPLIES TAXED UNDER REVERSE CHARGE BASIS ₹ 82,00,000. THE BREAKUP OF SUPPLIES IS AS FOLLOWS -

- 1) INTRA STATE SUPPLIES OF AUTO SPARES 'V UNITS CHARGEABLE TO 12% GST - ₹ 24,00,000

- 2) INTRA STATE SUPPLIES OF AUTO SPARES 'X' UNITS CHARGEABLE TO 5% GST - ₹ 36,00,000
 3) INWARD SUPPLIES ON WHICH TAX PAYABLE UNDER RCM (GST RATE 12%) - ₹ 6,40,000
 4) INTRA STATE SUPPLIES WHOLLY EXEMPT UNDER SECTION 11 OF CGST ACT - ₹ 15,60,000

THE COMPOSITE TAX LIABILITY OF LAKSHA LTD SHALL BE AS UNDER: -

1. COMPUTATION OF TURNOVER IN STATE AND COMPOSITE TAX FOR FINANCIAL YEAR- 2020-2021

S. NO.	PARTICULARS	CGST	SGST
1	INTRA STATE SUPPLIES OF AUTO SPARES Y UNITS	₹24 LAKHS X 0.5% = ₹12,000	₹24 LAKHS X 0.5% = ₹12,000
2	INTRA STATE SUPPLIES OF AUTO SPARES 'X' UNITS	₹36 LAKHS X 0.5% = ₹18,000	₹36 LAKHS X 0.5% = ₹18,000
3	INWARD SUPPLIES ON WHICH TAX PAYABLE UNDER RCM (GST RATE 12%)	NIL	NIL
4	INTRA STATE SUPPLIES WHOLLY EXEMPT UNDER SECTION 11 OF CGST ACT	15,60,000 X 0.5% = ₹7,800	15,60,000 X 0.5% = ₹7,800
	TOTAL COMPOSITE TAX	₹37,800	₹37,800

TAX PAYABLE UNDER REVERSE CHARGE BASIS:

PARTICULARS	CGST	SGST
INWARD SUPPLIES ON WHICH TAX PAYABLE UNDER RCM	₹6,40,000	₹6,40,000
RATE OF GST	6%	6%
TAX PAYABLE UNDER RCM	38,400	38,400

THEREFORE, TOTAL TAX PAYABLE BY LAKSHA LTD IS ₹1,52,400 I.E. COMPOSITE TAX + TAX PAYABLE UNDER RCM.

ILLUSTRATION - 3:

MISS MINAL IS A TRADING COMPANY ENGAGED IN SUPPLY OF ICE CREAM, DURING THE FINANCIAL YEAR 2020-21 HER TOTAL VALUE OF SUPPLIES WAS ₹ 1,02,40,000 OF WHICH VALUE OF INWARD SUPPLIES OF GOODS CHARGEABLE UNDER RCM WAS ₹ 5,40,000. DETERMINE WHETHER MISS MINAL IS ELIGIBLE TO APPLY FOR COMPOSITION SCHEME AND ALSO COMPUTE THE TAX LIABILITY?

AS PER SECTION 10(2)(E) OF CGST ACT, A MANUFACTURER OF GOODS NOTIFIED BY THE GOVERNMENT SHALL NOT BE ELIGIBLE TO OPT FOR COMPOSITION & PERTAINING TO IT AS PER NOTIFICATION 8/2017 CENTRAL TAX DATED 27/06/2017 AS MANUFACTURER OF ICE CREAM IS ONE AMONGST THE NOTIFIED CATEGORY BY THE GOVERNMENT. BUT IN THE GIVEN CASE AS MISS MINAL IS ENGAGED IN TRADING OF ICE CREAM AND NOT IN MANUFACTURING, HENCE SHE CAN AVAIL THE BENEFIT OF COMPOSITION LEVY.

COMPUTATION OF AGGREGATE TURNOVER AND COMPOSITE TAX

PARTICULARS	₹
TOTAL VALUE OF SUPPLIES	1,02,40,000
LESS VALUE OF INWARD SUPPLIES OF GOODS CHARGEABLE UNDER RCM	5,40,000
AGGREGATE TURNOVER (I-II)	97,00,000
COMPOSITE TAX RATE (CGST 0.5%+ SGST 0.5%)	1%
COMPOSITE TAX LIABILITY	97,000

#BENEFIT UNDER SEC. 10(2A) IS NOT APPLICABLE FOR A MANUFACTURER OF NOTIFIED GOODS OR NOTIFIED SERVICES. IN THE PRESENT CASE, BENEFIT UNDER SEC. 10(2A) AVAILABLE UPTO ₹50 LAKHS AND THEREAFTER GST NOT PAYABLE AT NORMAL RATES.

ILLUSTRATION – 4:

A LTD. A TRADING CONCERN IN RAJASTHAN HAS OPTED FOR COMPOSITION SCHEME FURNISHES YOU WITH THE FOLLOWING INFORMATION FOR FINANCIAL YEAR 2020-21. IT REQUIRES YOU TO DETERMINE ITS COMPOSITION TAX LIABILITY AND TOTAL TAX LIABILITY. THE BREAK-UP OF SUPPLIES ARE AS FOLLOWS –

PARTICULARS	RS.
(1) INTRA STATE SUPPLIES OF GOODS X CHARGEABLE @ 5% GST	30,00,000
(2) INTRA STATE SUPPLIES MADE WHICH ARE CHARGEABLE TO GST AT NIL RATE	18,00,000
(3) INTRA STATE SUPPLIES WHICH ARE WHOLLY EXEMPT UNDER SECTION 11 OF CGST ACT, 2017	2,40,000
(4) VALUE OF INWARD SUPPLIES ON WHICH TAX PAYABLE UNDER RCM (GST RATE 5%)	5,00,000
(5) INTRA STATE SUPPLIES OF GOODS Y CHARGEABLE @18% GST	30,00,000

A REGISTERED PERSON, WHOSE AGGREGATE TURNOVER IN THE PRECEDING FINANCIAL YEAR DID NOT EXCEED ₹ 1.5 CRORE MAY OPT FOR PAYMENT OF TAX UNDER COMPOSITION SCHEME. IN THE PRESENT CASE, A LTD. OPTED FOR COMPOSITION SCHEME DURING THE CURRENT YEAR.

AS PER SECTION 2(6) OF THE CGST ACT, 2017, AGGREGATE TURNOVER SHALL BE COMPUTED AS UNDER:

	PARTICULARS	CGST	SGST
(1)	INTRASTATE SUPPLIES OF GOODS X	30,00,000 X 0.5% = ₹15,000	30,00,000 X 0.5% = ₹15,000
(2)	SUPPLIES MADE WHICH ARE CHARGEABLE TO GST AT NIL RATE (COVERED IN EXEMPT SUPPLY)	NIL	NIL
(3)	SUPPLIES WHICH ARE WHOLLY EXEMPT UNDER SECTION 11 OF CGST ACT, 2017	NIL	NIL
(4)	VALUE OF INWARD SUPPLIES ON WHICH TAX PAYABLE UNDER RCM (SPECIFICALLY EXCLUDED)	NIL	NIL
(5)	INTRASTATE SUPPLIES OF GOODS Y	30,00,000 X 0.5% = ₹15,000	30,00,000 X 0.5% = ₹15,000
	TOTAL COMPOSITE TAX	₹30,000	₹30,000
	INWARD SUPPLY TAXABLE UNDER RCM @ 18%	5,00,000 X 9% = ₹45,000	5,00,000 X 9% = ₹45,000
	TOTAL TAX PAYABLE	₹75,000	₹75,000

NOTE: COMPOSITION SCHEME UNDER SEC. 10(2A) IS NOT APPLICABLE IN THE PRESENT CASE, AS AGGREGATE TURNOVER DURING PREVIOUS YEAR EXCEEDS ₹50 LAKHS.

ILLUSTRATION – 5:

THE FOLLOWING INFORMATION IS NOTED FROM THE RECORDS OF MR. X (A TECHNICAL CONSULTANT LOCATED IN MUMBAI) AND MR. Y (A SOFTWARE DEVELOPER LOCATED IN PUNE) –

	MR. X	MR. Y
DATE OF COMMENCEMENT OF TECHNICAL CONSULTANCY OPERATION BY X AND SOFTWARE DEVELOPMENT ACTIVITY BY Y	JULY 25, 2018	APRIL 1, 2020
	₹ IN LAKH	₹ IN LAKH
TURNOVER OF THE FINANCIAL YEAR 2019-20	43	NIL

INVOICES ISSUED BY X AND Y ON OR AFTER APRIL 1, 2020		
—		
- INVOICE NO. 1/2020 ON APRIL 6, 2020	3	3
- INVOICE NO. 2/2020 ON MAY 20, 2020	17	17
- INVOICE NO. 3/2020 ON JUNE 12, 2020	18	18
- INVOICE NO. 4/2020 ON AUGUST 5, 2020	12	12
- INVOICE NO. 5/2020 ON SEPTEMBER 28, 2020	20	20
- INVOICE NO. 6/2020 ON SEPTEMBER 30, 2020	56	56

MR. X GOT GST REGISTRATION ON JULY 1, 2018. MR. Y IS NOT REGISTERED IN GST ON APRIL 1, 2020. HE APPLIES FOR REGISTRATION BY UPLOADING THE RELEVANT FORM ON MAY 20, 2020 (REGISTRATION IS GRANTED ON MAY 23, 2020).

W.E.F. APRIL 1, 2020, MR. X AND MR. Y WANT TO AVAIL COMPOSITION SCHEME UNDER SEC. 10(2A). DISCUSS THE TAX CONSEQUENCES FOR THE HALF YEAR ENDING SEPTEMBER 30, 2020. THE ABOVE FIGURES ARE EXCLUSIVE OF GST. NORMAL GST RATE IS 18%.

ASSUME THAT MR. X AND MR. Y PROVIDE TECHNICAL CONSULTANCY SERVICE/SOFTWARE DEVELOPMENT SERVICE ONLY IN THE STATE OF MAHARASHTRA.

PERSON	X (TECHNICAL CONSULTANT)		
STATUS AS ON 1ST APRIL, 2019 (FY 2019-20)	GST REGISTERED SUPPLIER		
ELIGIBILITY FOR PRESUMPTIVE LEVY SCHEME / SERVICE COMPOSITION SCHEME	ELIGIBLE	(AS PY 2018-19 AGGREGATE TURNOVER IS 43 LAKHS, I.E., NOT EXCEEDING THE SPECIFIED THRESHOLD LIMIT OF 50 LAKHS)	
TAX LIABILITY IN TERMS OF SEC. 10(2A)			CUMULATIVE AGGREGATE TURNOVER
INVOICE NO. 1/2019 ON APRIL 6, 2019	18,000 (3,00,000 * 6%)	COVERED WITHIN SEC. 10(2A)	3,00,000
INVOICE NO. 2/2019 ON MAY 20, 2019	1,02,000 (17,00,000 * 6%)	COVERED WITHIN SEC. 10(2A)	20,00,000
INVOICE NO. 3/2019 ON JUNE 12, 2019	1,08,000 (18,00,000 * 6%)	COVERED WITHIN SEC. 10(2A)	38,00,000
INVOICE NO. 4/2019 ON AUGUST 5, 2019	72,000 (12,00,000 * 6%)	COVERED WITHIN SEC. 10(2A)	50,00,000
INVOICE NO. 5/2019 ON SEPTEMBER 28, 2019	3,60,000 (20,00,000 * 18%)	NOT COVERED WITHIN SEC. 10(2A) AS LIMIT OF 50,00,000 IS OVER	70,00,000
INVOICE NO. 6/2019 ON SEPTEMBER 30, 2019	10,08,000 (56,00,000 * 18%)	NOT COVERED WITHIN SEC. 10(2A) AS LIMIT OF 50,00,000 IS ALREADY OVER	1,26,00,000

TAX LIABILITY OF Y-SUPPLIER BECOMING LIABLE FOR REGISTRATION IN FY 2018-19 AND DIRECTLY OPTING FOR NEW COMPOSITION SCHEME.

PERSON	Y (SOFTWARE DEVELOPER)		
STATUS AS ON 1ST APRIL, 2019 (FY 2019-20)	GST UNREGISTERED SUPPLIER		

ELIGIBILITY FOR PRESUMPTIVE LEVY SCHEME / SERVICE COMPOSITION SCHEME	ELIGIBLE	(AS PY 2018-19 AGGREGATE TURNOVER IS 0, I.E., NOT EXCEEDING THE SPECIFIED THRESHOLD LIMIT OF 50 LAKHS)	
TAX LIABILITY IN TERMS OF SEC. 10(2A)			CUMULATIVE AGGREGATE TURNOVER
INVOICE NO. 1/2019 ON APRIL 6, 2019	0 LIABILITY	NOT REQUIRED TO TAKE REGISTRATION AS PER PROVISIONS OF SEC 22 AND HENCE, NOT LIABLE TO PAY ANY GST	3,00,000
INVOICE NO. 2/2019 ON MAY 20, 2019	0 LIABILITY	NOT REQUIRED TO TAKE REGISTRATION AS PER PROVISIONS OF SEC 22 AND HENCE, NOT LIABLE TO PAY ANY GST	20,00,000
INVOICE NO. 3/2019 ON JUNE 12, 2019	1,08,000 (18,00,000 * 6%)	BECOMES LIABLE FOR REGISTRATION AS PER PROVISIONS OF SEC 22. SUPPLIES NOW ONWARDS SHALL BE CONSIDERED AS TURNOVER IN A STATE/UT ON WHICH GST@6% CAN BE PAID IN TERMS OF SEC. 10(2A)	38,00,000
INVOICE NO. 4/2019 ON AUGUST 5, 2019	72,000 (12,00,000 * 6%)	COVERED WITHIN N/N 2/2019	50,00,000
INVOICE NO. 5/2019 ON SEPTEMBER 28, 2019	3,60,000 (20,00,000 * 18%)	NOT COVERED WITHIN SEC. 10(2A) AS LIMIT OF 50,00,000 IS ALREADY OVER	70,00,000
INVOICE NO. 6/2019 ON SEPTEMBER 30, 2019	10,08,000 (56,00,000 * 18%)	NOT COVERED WITHIN SEC. 10(2A) AS LIMIT OF 50,00,000 IS ALREADY OVER	1,26,00,000

WORKING NOTES:

AS PER SEC. 10(2A) IF REGISTERED PERSON IS ELIGIBLE TO TAKE THE BENEFIT OF THIS COMPOSITION SCHEME, HE SHALL PAY GST @6% (3% CGST AND 3% SGST) ON "TURNOVER IN A STATE/UT" UPTO ₹50 LAKHS.

THE EXPRESSION "TURNOVER IN A STATE/UT" PROVIDES THAT FOR THE PURPOSE OF DETERMINATION OF TAX PAYABLE, THE SUPPLIES FROM THE FIRST DAY OF APRIL OF A FINANCIAL YEAR TO THE DATE FROM WHICH HE BECOMES LIABLE FOR REGISTRATION UNDER THE ACT SHALL NOT BE INCLUDED AND FURTHER COMPOSITION SCHEME UNDER SEC. 10(2A) IS NOT APPLICABLE AS AND WHEN THE AGGREGATE TURNOVER IN A FINANCIAL YEAR EXCEEDS ₹50,00,000. WHILE DETERMINING AGGREGATE TURNOVER, SUPPLIES FROM FIST APRIL OF A FINANCIAL YEAR TILL THE DATE SUCH PERSON IS LIABLE TO GET REGISTERED SHOULD BE INCLUDED.