

CA INTERMEDIATE – GST

MIGHTY 50

Question No 1:

ABC Pvt. Ltd., an Indian entity, secured a loan of ₹1,00,00,000 from its overseas affiliate, XYZ Inc., based in the United States. The loan was provided at an interest rate of 6% per annum for a tenure of 3 years, with interest being the only consideration charged.

- i Whether the interest on loan paid to XYZ Inc. is treated as supply and chargeable to GST?
 - ii What will be your answer, if in addition to the interest, XYZ Inc. also charged a processing fee of ₹1,50,000 for facilitating the loan.
- (i) Import of services by way of loans or advances against consideration in the form of interest or discount is not treated as supply as per CBIC circular. Accordingly, ABC Pvt Ltd securing loan from XYZ incorporation against interest of 6% p.a., is not a supply and consequently it is not chargeable to GST.
- (ii) However, if the Indian affiliate pays consideration other than interest or discount i.e., processing fees or documentation charges then it will be supply under section 7(1)(b) chargeable to GST Under RCM. In the Present case ABC Pvt Ltd shall pay GST on Rs. 1,50,000 paid to XYZ Inc. as processing fee.

Question No 2:

Tata AIG has insured a motor vehicle owned by Mr. Tharun for a sum insured of ₹10,00,000. The insurance policy includes a clause that allows Tata AIG to deduct the salvage value from the final claim amount in the event of a total loss.

On 15th June 2024, Mr. Tharun's vehicle was involved in an accident and was declared a total loss by Tata AIG. Insured value of the vehicle is ₹10,00,000, assessed value of the damage is ₹9,00,000 and salvage value of the vehicle is ₹1,50,000. Tata AIG decides to deduct the salvage value from the claim amount as per the terms of the insurance contract. Mr. Tharun retains ownership of the salvage, and Tata AIG pays the balance claim amount to Mr. Tharun after deducting the salvage value.

- (i) Calculate the claim amount paid by Tata AIG to Mr. Tharun, after deducting the salvage value.
 - (ii) Determine whether Tata AIG is liable to pay GST on the salvage value
 - (iii) What will be your answer if, Tata AIG decides to settle the full claim amount of ₹9,00,000 without deducting the salvage value. The salvage becomes the property of Tata AIG, which later sells it to a salvage buyer Mr. Kumar for ₹1,50,000.
- (i) Claim Amount = Assessed Value – Salvage Value
= ₹9,00,000 – ₹1,50,000
= ₹7,50,000.
(Not treated as supply in the hands of Mr. Tharun, as the same is not in the course of furtherance of business)
- (ii) TATA AIG is not required to pay GST on salvage value as salvage belongs to the insured and accordingly, deduction is made from the claim amount.
- (iii) Claim Amount = 9,00,000 (Not treated as supply in the hands of Mr. Tharun, as the same is not in the course or furtherance of business). As salvage becomes property of TATA AIG sale of such salvage to Mr. Kumar, constitute supply u/s 7(1)(a) in the hands of TATA AIG and they are liable to pay GST on ₹1,50,000.

Question No 3:

Unilever PLC, a foreign holding company, offers an Employee Stock Option Plan (ESOP) to the employees of its Indian subsidiary, Hindustan Unilever Limited (HUL), as part of their compensation package. Under this plan, Unilever PLC issues 10,000 stock options to the employees of HUL, allowing them to purchase shares at a predetermined price of ₹200 per option. At the time of the grant, the market price per share is ₹300, and the options have a vesting period of 3 years. After the stock options vest and are exercised by the employees, Unilever PLC charges HUL ₹20,00,000 as the cost of the shares issued, which HUL reimburses on a cost-to-cost basis. Additionally, Unilever PLC charges HUL an administrative fee of ₹2,00,000 for managing the ESOP on its behalf. Assume the applicable GST rate on services is 18%.

- (i) determine whether the ₹20,00,000 reimbursed by HUL to Unilever PLC for the cost of the shares is liable for GST?
 - (ii) Calculate the GST liability on the additional ₹2,00,000 charged by Unilever PLC as an administrative fee, and determine who is liable to pay this GST?
 - (iii) compute the total amount HUL needs to pay to Unilever PLC?
 - (iv) Can the GST on additional ₹2,00,000 be availed as ITC?
- (i) As per CBIC circular, if payment made by subsidiary company to holding company towards Employee Stock Option Plan on cost-to-cost basis it is not a supply. Therefore ₹20,00,000 paid by Hindustan Unilever Limited to Unilever PLC is not a supply.
 - (ii) Additional Charges payable towards ESOP, apart from its cost is treated as supply U/s 7(1)(b) and ₹2,00,000 paid by Hindustan Unilever Limited to Unilever PLC towards administrative fee, is chargeable to GST Under RCM.
 - (iii) Total amount payable = ₹20,00,000 + ₹2,00,000 = ₹22,00,000 to Unilever PLC and GST payable to Government is ₹2,00,000*18% = ₹36,000.
 - (iv) GST Paid under RCM Can be availed as ITC, if conditions for availment of ITC is fulfilled.

Question No 4:

Mr. Rahul, an individual registered under GST, owns multiple residential and commercial properties across different cities in India. In October 2024, he rents out the properties under different situations to various individuals and entities. Compute the value of taxable supply in the hands of Mr. Rahul based on the following details of the rentals for October 2024:

Particulars	Amount per month (₹)
Renting of luxury residential flat in Mumbai to Mr. Kapoor, a proprietor of a proprietorship concern for personal use as his residence	40,000
Renting of student hostel in Pune to 20 students for a period of 6 months from October 2024	12,000 per student
Offers paying guest accommodation in Delhi for 10 working professionals for a period of 4 months from October 2024	15,000 per person
Renting of guest house accommodation in Bengaluru to a corporate company for its employees and the accommodation is used for consecutive 90 days	19,000
Renting of hostel in Chennai for 40 students pursuing CA final for attending Exam Oriented Batch on IDT of Mr. Tharun Raj for a consecutive period of 60 days	10,000 per student
Renting of commercial property in Bengaluru to XYZ Ltd., a registered company for office space	1,50,000
Offers paying guest accommodation in Kochi for 10 students who pursue a short-term skill course for a consecutive period of 90 days	25,000 per student

Particulars	Taxable Value	Reason	Taxable Value
Renting of luxury residential flat in Mumbai to Mr. Kapoor, a proprietor of a proprietorship concern for personal use as his residence	Exempted	Such renting is on his own account and not that of the proprietorship concern.	-
Renting of student hostel in Pune to 20 students for a period of 6 months from October 2024	Exempted	Supply of accommodation services having value less than or equal ₹20,000 per person per month and accommodation service is supplied for a minimum continuous period of ninety days.	-
Offers paying guest accommodation in Delhi for 10 working professionals for a period of 4 months from October 2024	Exempted	Same as above (Exemption available for both students hostel or PG accommodation)	-
Renting of guest house accommodation in Bengaluru to a corporate company for its employees and the accommodation is used for consecutive 90 days	Exempted	Same as above (Exemption available if accommodation is provided to any person)	-
Renting of hostel in Chennai for 40 students pursuing CA final for attending Exam Oriented Batch on IDT of Mr. Tharun Raj for a consecutive period of 60 days	Taxable	In this case continuous period of 90 days is not fulfilled and consequently exemption not available. (40 students X ₹10,000 per student)	₹4,00,000
Renting of commercial property in Bengaluru to XYZ Ltd., a registered company for office space	Taxable	Renting of commercial property not covered under exemptions	₹1,50,000
Offers paying guest accommodation in Kochi for 10 students who pursue a short-term skill course for a consecutive period of 90 days	Taxable	Even though accommodation is for more than 90 days but the consideration charged exceeds ₹20,000 and consequently taxable (10 students X ₹25,000 per student)	₹2,50,000
Total			₹8,00,000

Question No 5:

ICICI Lombard General Insurance provides coverage for the Coconut Palm Insurance Scheme (a government-sponsored scheme). This scheme is exempt from GST under Sl. Nos. 35 and 36 of Notification No. 12/2017-CT(R), dated 28.06.2017.

In October 2024, to manage its risk, ICICI Lombard enters into the following reinsurance arrangements:

Situation - 1:

ICICI Lombard cedes a portion of the risk associated with the Coconut Palm Insurance Scheme to General Insurance Corporation of India (GIC Re), another Indian reinsurer. The reinsurance premium for this transaction amounts to ₹4 crore.

Situation - 2:

GIC Re, in turn, cedes part of the reinsured risk to Munich Re, a Cross Border Re-insurer (CBR) based in Germany. This transaction, classified as retrocession, involves a premium of ₹2 crore.

What is the taxability in the above situations?

Situation -1: Yes, it is exempted. If General Insurance service is exempted under Notification 12/2017, also re-insurance for this general insurance is also exempted.

Situation - 2: Yes, it is exempted. The term re-insurance mentioned in the exemption notification, includes retrocession services as per circular No.228/22/2024.

Question No 6:

Air Europa Ltd. India, the Indian establishment of AirEuropa Ltd., a foreign airline company incorporated in Spain, provides various services as part of its operations in India. The airline company imports certain administrative and operational services from its head office in Madrid (Spain) without any consideration. These services include IT support, financial management, legal advisory services, and staff training. Compute the value of taxable supply on which Air Europa Ltd. is liable to pay GST under FCM/RCM:

Passenger transport services	2,00,00,000
Cargo transport services	1,50,00,000
IT support services imported from Head office in Madrid without consideration (Open Market Value u/r 28 is ₹25,00,000)	N.A
Legal advisory services imported from Head office in Madrid for consideration	20,00,000
Marketing services imported from Google Inc. for consideration	15,00,000
Catering services received from a person in India	10,00,000

What will be your answer in the above case, If government of Spain is not giving any exemptions to India airline company operating in Spain?

Compute the value of taxable supply & GST payable if rate of GST is 18%.

Outwards Supplies:

Particulars	If Govt of Spain Gives Reciprocal exemptions to foreign establishment of Indian airline company	If Govt of Spain is not giving reciprocal exemptions to foreign establishment of Indian airline company.
I. Outwards Supplies		
Passenger Transportation	$(2,00,00,000 \times 18\%) = 36,00,000$	$(2,00,00,000 \times 18\%) = 36,00,000$
Cargo Transportation	$(1,50,00,000 \times 18\%) = 27,00,000$	$(1,50,00,000 \times 18\%) = 27,00,000$
Gross GST Payable under FCM	63,00,000	63,00,000
II. Inwards supplies under RCM		
IT Supports services from head office in Spain (Import of other than OIDAR by other than NTR) – Exempted only if	Exempted, as the same is imported from head	$(25,00,000 \times 18\%) = 4,50,000$

Govt. of Spain gives reciprocal exemption to foreign establishment of Indian airline company.	office without consideration	
Legal Advisory services from head office in Spain (Import of other than OIDAR by other than NTR)	$(20,00,000 \times 18\%) = 3,60,000$ (Exemption not available as the same is import for consideration)	$(20,00,000 \times 18\%) = 3,60,000$
Import of digital Marketing services (OIDAR Services by other than NTOR)	$15,00,000 \times 18\% = 2,70,000$	$15,00,000 \times 18\% = 2,70,000$
GST Payable Under RCM	6,30,000	10,80,000
III. ITC Available		
RCM GST Paid on Inward Supplies (II)	6,30,000	10,80,000
Catering Services-ITC Not available as the same is blocked ITC U/s 17(5)	-	-
	6,30,000	6,30,000
IV. Computation of Net GST Payable		
Gross GST Payable Under FCM	63,00,000	63,00,000
-ITC Utilized	(6,30,000)	(10,80,000)
+RCM Liability	6,30,000	10,80,000
	63,00,000	63,00,000

Question No 7:

Larsen & Toubro (L&T) has entered into a Hybrid Annuity Model (HAM) contract with the National Highways Authority of India (NHAI) for the construction, operation, and maintenance of a highway. The contract specifies that L&T will receive payments in 20 equal instalments over 10 years. Each instalment is ₹10,00,000, which includes ₹1,00,000 as an interest component. The deemed date of completion of milestone event is on 30th June 2024. The due date for the first instalment is 1st July 2024. However, L&T issued the invoice for the first instalment on 5th July 2024, and the payment was received on 15th July 2024. The applicable rate of GST for such contracts is 18%

- What is the due date of invoice as per Sec. 31(5)?
- What is the time of supply as per Sec. 13(2) and what is the due date of payment of GST?
- Calculate the GST liability for the first instalment?
- What will be the time of supply, if the invoice is issued on 1st July 2024 and what is the due date of payment of GST?

- As the service takes more than 3 months to complete and involves periodic payments obligations its treated as continuous supply of service sec 31(5) of CGST Act.
As per section 31(5), if due date of instalment is ascertainable from contract, invoice shall be issued on or before the due date of instalments.
In the present case due of invoice for first instalment is 1st July 2024.
- Time of Supply for first instalment as per sec 13(2) of CGST Act, is Date of Completion or date of payment which is earlier, as invoice not issued within due date:
 - Date of Completion = Due date of Installment i.e., 1st July 2024
 - Date of payment = 15th July 2024, whichever is earlier is 1st July 2024.
Due date of payment of GST for such instalment is 20th August 2024 i.e., due date of GSTR-3B for July 2024.
- Value of Supply As per sec 15(2)(d) of CGST Act, 2017 Interest or late fee or penalty for delay in receipt of consideration is includible in value. Therefore, GST is payable on entire instalment value of ₹10,00,000.

GST Liability = $10,00,000 \times 18\% = ₹1,80,000$.

- (iv) Time of Supply for first instalment as per sec 13(2) of CGST Act, is Date of Invoice or date of payment which is earlier, as invoice is issued within due date:

Date of Invoice = 1st July 2024 (or)

Date of payment = 15th July 2024, whichever is earlier is 1st July 2024.

Due date of payment of GST for such instalment is 20th August 2024 i.e., due date of GSTR-3B for July 2024.

Question No 8:

Reliance Jio has successfully bid for the allocation of spectrum by the Department of Telecommunications (DoT) under the Government of India's spectrum allocation model. The total bid amount for the spectrum allocation is ₹1,000 crore. Reliance Jio is given two payment options:

Option 1: Make a full upfront payment of ₹1,000 crore on or before 30th June 2024.

Option 2: Pay in 10 equal annual installments. The first instalment is due on 1st July 2024, with each instalment comprising both principal and interest. The instalment amounts, considering an annual interest rate of 10%, are as follows:

- Installment 1 (due 1st July 2024): ₹160 crore
- Installment 2 (due 1st July 2025): ₹144 crore
- Installment 3 (due 1st July 2026): ₹128 crore
- Installment 4 (due 1st July 2027): ₹112 crore
- Installment 5 (due 1st July 2028): ₹96 crore
- Installment 6 (due 1st July 2029): ₹80 crore
- Installment 7 (due 1st July 2030): ₹64 crore
- Installment 8 (due 1st July 2031): ₹48 crore
- Installment 9 (due 1st July 2032): ₹32 crore
- Installment 10 (due 1st July 2033): ₹16 crore

The Frequency Assignment Letter from DoT specifies these payment options and also states that GST at the rate of 18% is applicable on the spectrum allocation. Assume that the invoice is issued by DoT on 15th June 2024.

You are required to determine the following:

- (i) Determine when the GST liability arises if Reliance Jio opts for the full upfront payment, and calculate the GST amount payable. Assume that the payment is made on 28th June 2024.
- (ii) What will be your answer in (i) above if the payment is made on 5th July 2024 and such delay is condoned by DOT.
- (iii) Determine the GST liability timing and amount if Reliance Jio chooses to pay in installments, and specifically calculate the GST payable for the second installment if the payment is made on 30th June 2025.
- (iv) What will be your answer in (iii) above if the payment is made on 4th July 2025 and such delay is condoned by DOT.

Time Of Supply in case of allocation of spectrum or by govt to business entity is determined as per CBIC circular and provision of Sec 13(3) is not applicable.

- (i) In case of full upfront amount option, TOS is date on which such amount is due to be paid (30/6/24) or the date on which such amount is actual paid (28/06/2024) whichever is earlier i.e., 28/06/2024.
- (ii) If the amount is actual paid on 5th July under full upfront payment options (TOS) is (30/6/24) or (5/7/2024) whichever is earlier i.e., 30/6/2024.

- (iii) In case of instalment payment option, TOS shall be Date on which such instalment is due (1/7/2025) or Date on which such installment is actual paid (30/6/2025) whichever is earlier i.e., 30/6/2025.
GST Payable = ₹144 Crores X 18% = ₹25.92 Crores and due date of payment of GST 20th July 2025.
- (iv) If payment is actual made 4th July 2025, TOS shall be Date on which such instalment is due (1/7/2025) or Date on which such installment is actual paid (04/07/2025) whichever is earlier i.e., 1st July 2025 and due date of payment of GST is 20th Aug 2025.

Question No 9:

Reliance Digital Ltd., an e-commerce company registered in Mumbai, Maharashtra, sells electronic goods across India through its online platform. On 10th October 2024, a customer, Mr. Ravi (an unregistered individual), placed an order for a television priced at ₹1,20,000. Mr. Ravi's billing address is in Pune, Maharashtra, but he requests delivery of the television to his vacation home located in Goa.

Additional Information:

- The GST rate applicable on the television is 18%.
- Reliance Digital Ltd. has received several similar orders where the billing and delivery addresses are different.
- For the order placed by Mr. Ravi, the company issued an invoice on 12th October 2024, and the television was dispatched on 13th October 2024.

You are required to:

1. Determine the place of supply for the television in this scenario based on the provisions of clause (ca) of section 10(1) of the IGST Act, 2017.
2. Compute the GST payable on this transaction and specify whether CGST/SGST or IGST will be applicable.
3. Explain the impact on the GST liability of Reliance Digital Ltd. if the billing address and delivery address were the same (both in Maharashtra).
4. Calculate the total invoice value (including GST) that Mr. Ravi would need to pay if the place of supply is determined to be in Goa.

- (i) As per CBIC Circular Place of Supply is delivery address i.e., Goa as billing address and delivery address does not match.
- (ii) As Location of supplier is Maharashtra & Place of Supply is Goa, it is an interstate supply and IGST Payable is ₹ 1,20,000 X 18% = 21,600.
- (iii) If Billing address & Delivery address match, Place of supply as per CBIC Circular is Pune, Maharashtra and nature of supply is intra state and it is chargeable to CGST and SGST of ₹10,800 each.
- (iv) Invoice Value is Rs. 1,41,600 and Time of Supply is 12th Oct 2024 being actual date of invoice as due date of invoice is 13th Oct 2024.

Question No 10:

PQR Ltd., a manufacturer, entered a contract with DEF Ltd., a distributor, on 1st April 2024. The supply was made on 10th May 2024, with a value of ₹25,00,000, and the applicable GST rate was 12%. Payment terms required full payment within 30 days of the invoice date. A post-supply discount of 7% was agreed upon, conditional on DEF Ltd. successfully selling 80% of the goods within the quarter (April-June 2024).

By 30th June 2024, DEF Ltd. sold 85% of the goods, making it eligible for the 7% post-supply discount. Consequently, on 15th July 2024, PQR Ltd. issued a credit note for such discount to DEF Ltd. for the post-supply discount. DEF Ltd. had availed ITC on the full invoice value as they complied with the conditions of availment of ITC. To comply with the provisions of Section 15(3)(b) of the CGST Act, 2017, DEF Ltd. is required to reverse the ITC proportionate to the post-supply discount.

- (i) How much ITC needs to be reversed by DEF Ltd. based on the credit note issued by supplier?
 (ii) What is the consequence to PQR Ltd. based on such credit note?
 (iii) How PQR Ltd. can prove that recipient has reversed the ITC?
 (iv) What will be your answer in (iii) above if the ITC to be reversed is ₹5,50,000?

- (i) As Credit note is issued by PQR Ltd. to DEF Ltd. under section 34 of CGST Act, ITC to be Reversed by DEF Ltd is $₹25,00,000 \times 7\% \times 12\% = ₹21,000$.
 (ii) GST Liability of PQR Ltd gets reduced to the extent of ₹21,000 as an when Credit note is issued and reported in GSTR-1 of PQR Ltd.
 (iii) As Per CBIC Circular, as ITC reversal in a financial year does not exceed ₹5,00,000 PQR Ltd shall obtain a declaration from DEF Ltd that they have reversed the ITC along with supporting documents i.e., GSTR-3B/DRC-03 of DEF Ltd.
 (iv) As per CBIC Circular if ITC to be reversed by DEF Ltd exceeds ₹5,00,000, DEF Ltd shall obtain Certificate from CA/CMA certifying ITC reversal along with UDIN and Supporting documents. This Procedure shall also be applicable to past periods.

Question No 11:

HDFC Bank, an acquiring bank registered under GST, participates in the Incentive Scheme for the Promotion of RuPay Debit Cards and Low-Value BHIM-UPI Transactions, a scheme run by the Ministry of Electronics and Information Technology (MeitY). Under this scheme, HDFC Bank receives an incentive of ₹10,00,000 for promoting RuPay Debit Card and low-value UPI transactions.

As per NPCI guidelines, HDFC Bank is required to share a portion of this incentive with its ecosystem partners involved in facilitating digital payments. HDFC Bank distributes the incentive to stakeholders like Paytm Payments Bank and Pine Labs, which helped facilitate UPI infrastructure and merchant onboarding, respectively.

In addition to the compliant sharing, HDFC Bank also shares ₹2,00,000 with XYZ Marketing Ltd., a marketing consultancy that is not part of the NPCI-specified ecosystem for the incentive scheme, and this distribution is not in line with the NPCI guidelines.

Details of Sharing:

- HDFC Bank retains ₹4,00,000 from the incentive.
- HDFC Bank transfers ₹3,00,000 to Paytm Payments Bank for facilitating UPI infrastructure.
- HDFC Bank distributes ₹3,00,000 to Pine Labs for merchant onboarding services.
- HDFC Bank shares ₹2,00,000 with XYZ Marketing Ltd., which is not part of the NPCI ecosystem.

Answer the following questions based on the facts given above

- (i) Is the incentive of ₹10,00,000 received by HDFC Bank from MeitY subject to GST?
 (ii) Is the sharing of the incentive by HDFC Bank with Paytm Payments Bank and Pine Labs taxable under GST?
 (iii) Is the further sharing of ₹2,00,000 with XYZ Marketing Ltd., which is not compliant with NPCI guidelines, taxable under GST?
 (iv) What is the total taxable value and GST payable, if any, on the incentive-sharing transactions?
- (i) Incentive of ₹ 10,00,000 received by HDFC bank from Meity is treated as subsidy and not included in the value of supply as per sec 15(2)(e).
 (ii) As Per CBIC Circular, further sharing of incentive by acquiring bank with paytm and pine labs its also treated as subsidy, not charged to GST as they are notified by NPCI (National Payments corporation of India) to receive incentive.
 (iii) Incentive received by XYZ marketing Ltd is not part of NPCI Guidelines and therefore it is not treated as subsidy and will be chargeable to GST.

- (iv) XYZ Marketing Ltd Shall Pay GST on ₹2,00,000.

Question No 12:

Infosys Ltd., a registered company in India, is engaged in IT consulting and software services. Infosys Consulting Inc., its related foreign entity based in the USA, provides software development support and consulting services to Infosys Ltd. in India. Both entities are related persons under the GST provisions.

In October 2024, Infosys Consulting Inc. provides software consulting services worth ₹20,00,000 to Infosys Ltd. Since this transaction is an import of services, Infosys Ltd. is required to pay GST under the Reverse Charge Mechanism (RCM). Additionally, Infosys Ltd. is eligible for full Input Tax Credit (ITC) on this transaction.

Moreover, Infosys Consulting Inc. also provides strategic advisory services to Infosys Ltd. without issuing an invoice. The domestic entity (Infosys Ltd.) estimates the market value of these services to be ₹5,00,000, but no official invoice is generated for these services.

Answer the following based on above mentioned facts

- (i) Whether Infosys Ltd. is required to issue any invoice to Infosys consulting Inc.?
 - (ii) Who is required to pay GST in the present case and what is the value on which GST is payable?
 - (iii) If Infosys Ltd. declares ₹20,00,000 as the value of the software consulting services from Infosys Consulting Inc. in the self-invoice, compute the GST payable by Infosys Ltd. on both the services.
- (i) As per Sec 31(3)(f) of CGST Act 2017 Infosys Ltd Shall issue invoice to Infosys consulting Inc. within 30 days from the date of receipt of services.
 - (ii) As Per Sec 9(3) Read with Notification No. 13/2017, GST Payable by Infosys Ltd Under Reverse Charge Mechanism, as the same is import of services.
 - (iii) Applying above circular, value of supply shall be invoice value, as recipient is eligible for full ITC. If Value declared in invoice is ₹20 Lakhs, then GST payable under RCM is $₹20,00,000 \times 18\% = ₹3,60,000$.

Question No 13:

TechPro Solutions Pvt. Ltd., a registered person under GST, had its registration cancelled by the proper officer on June 1, 2024, under Section 29 of the CGST Act, due to non-compliance with filing returns. The company had received input services for which it was eligible for ITC during the financial year 2023-24, but the ITC had not been availed before the date of cancellation. On August 25, 2024, TechPro Solutions applied for the revocation of the cancellation of its registration under Section 30 of the CGST Act. The registration was revoked by the proper officer on September 5, 2024, allowing TechPro to continue its business operations. However, during the period of cancellation, TechPro Solutions received several invoices and debit notes for supplies made between June 1, 2024 and August 25, 2024.

The company is now considering the possibility of claiming the ITC on:

1. Invoices pertaining to supplies made during the period June 1, 2024 to August 25, 2024 (the period of cancellation).
2. Debit notes issued during the financial year 2023-24, but not availed before the date of cancellation of the registration.

Analyse whether company can avail ITC and what is the time limit within which such ITC can be availed

Time Limit for availment of ITC with respect to invoices for the period 1st June 2024 & 25th Aug 2024, i.e., Period of cancellation of registration.

Invoices pertains to FY:2024-2025

- (a) 30/11/2025 or

(b) Date of Filing annual return, whichever is earlier i.e., 30/11/2025 (Assumed that it is filed on 31/12/2025)

Time Limit for availment of ITC w.r.t debit note for FY:2023-24.

Regular Time Limit: (a) 30/11/2024 or (b) 31/12/2024 whichever is earlier i.e., 30/11/2024.

As the time limit for availing of ITC not expired as on the date of cancellation of registration (1/06/2024) revised time limit in terms of sec 16(6) is

(a) Regular Time limit = 30/11/24 (or)

(b) 30 days from revocation order = (5/9/24 + 30 days = 5/10/24) Whichever is later i.e., (30/11/2024).

Note: If the revocation order is passed on 15/12/2024, then the time limit is

(a) 30/11/2024

(b) 14/01/2025, whichever is later i.e. 14/01/2025.

Question No 14:

ABC Motors, an authorized dealer for motor vehicles, purchases 5 demo vehicles from XYZ Auto Ltd., a manufacturer, on October 1, 2024. These demo vehicles are used for test drives and to showcase features to potential buyers. Each vehicle has a value of ₹10,00,000 (excluding taxes), and ABC Motors receives a tax invoice for the purchase, which includes the following:

- IGST on demo vehicles (18%) = ₹1,80,000 per vehicle
- Total purchase cost per vehicle = ₹10,00,000 + ₹1,80,000 = ₹11,80,000 per vehicle.

ABC Motors plans to capitalize these vehicles in its books of accounts at ₹10,00,000 per vehicle and intends to use them for test drives for a period of 2 years before selling them as used vehicles at a written-down value.

After two years of usage, ABC Motors sells one of the demo vehicles for ₹5,00,000, and IGST on the sale is applicable at 18%.

- (i) Determine whether ABC Motors can claim input tax credit (ITC) on the purchase of these demo vehicles. If Yes, compute the ITC availed.
- (ii) What will be your answer, if the motor vehicles are capitalised in its books at ₹11,80,000 per vehicle
- (iii) calculate the GST payable at the time of sale of demo vehicles.

- (i) As per CBIC Circular, a dealer of motor vehicle can avail ITC on demo vehicles purchased as the same is used for further supply. Therefore, in the present case, $ITC = ₹10,00,000 \times 5 \times 18\% = ₹9,00,000/-$
- (ii) As Per Sec 16(3) of CGST Act 2017, if motor vehicle is capitalized including the GST Component, ITC not available. However, Depreciation can be claimed Under section 32 of Income Tax Act 1961.
- (iii) GST Payable U/s 18(6) as follows:
 - a) ITC available – 5% of every quarter or part thereof from the date of purchase or till the date of disposal
 $= ₹1,80,000 - 5\% \times 8 = ₹1,80,000 - ₹72,000 = ₹1,08,000. (Or)$
 - b) GST On Sale Value = $₹5,00,000 \times 18\% = ₹90,000.$
 Whichever is higher i.e., ₹1,08,000. (Buyer of such demo car if eligible, can avail ITC).

Question No 15:

Samsung Electronics sells a smartphone to a customer with a 1-year manufacturer's warranty. During the warranty period, the customer experiences a defect and visits an authorized distributor, who replaces the defective smartphone with a new one from their own stock. Samsung later replenishes the distributor's stock without charging any additional amount. Additionally, at the time of purchase, the customer buys an extended 2-year warranty from a

third-party service provider, Warranty Plus, which begins after the manufacturer's 1-year warranty expires.

You are required to:

- (i) Determine the GST liability for Samsung on the replacement of the defective smartphone under the manufacturer's warranty.
 - (ii) Explain the GST implications for Samsung when it replenishes the distributor's stock with a new smartphone.
 - (iii) Discuss the GST treatment for the extended warranty provided by Warranty Plus, considering it was purchased at the time of the original sale but from a different supplier.
 - (iv) Analyze how the GST liability would change if the extended warranty was purchased from Samsung directly, at the time of the original purchase.
- (i) As per CBIC Circular, when a dealer replaces a part or whole goods, GST not payable even though it is without consideration as GST is already paid for defective parts or goods. Also, dealer not required to reverse any ITC.
 - (ii) As Per CBIC Circular, when Manufacturer replenishes defective goods i.e., smartphone to the dealer, GST not payable by manufacturer also such manufacture not required to reverse any ITC.
 - (iii) If extended warranty charges is paid to different supplier at the time of purchase of product or a later time, it is treated a separate supply and chargeable to GST at applicable to extended warranty services.
 - (iv) If extended warranty is purchased from the same supplier at the same time of purchase of goods it is a part of composite supply & GST payable at the rate applicable to such goods being principal supply.

Question No 16:

ABC Insurance Ltd. provides general insurance services for motor vehicles. A customer, Mr. Sharma, has a policy with ABC Insurance. His car was damaged, and he chose a non-network garage for repairs, incurring a total repair cost of ₹1,00,000. The insurance policy approved a claim of ₹80,000, which ABC Insurance later reimbursed to Mr. Sharma.

Scenario 1: The garage issued two separate invoices—one for ₹80,000 to ABC Insurance and another for ₹20,000 to Mr. Sharma.

Scenario 2: The garage issued a single invoice for ₹1,00,000 to ABC Insurance, but ABC Insurance only reimbursed ₹80,000 to Mr. Sharma.

Scenario 3: The garage issued an invoice for ₹1,00,000 directly to Mr. Sharma, who later got reimbursed ₹80,000 from ABC Insurance.

You are required to:

1. Determine the extent of ITC available to ABC Insurance Ltd. in Scenario 1, and explain the conditions under which ITC can be claimed.
 2. Determine the extent of ITC available to ABC Insurance Ltd. in Scenario 2, considering the single invoice issued by the garage.
 3. Discuss whether ITC is available to ABC Insurance Ltd. in Scenario 3, where the invoice is in the name of Mr. Sharma.
 4. Explain how the provisions of Section 16(2) of the CGST Act apply to these scenarios and the implications for claiming ITC.
- (i) ABC insurance Ltd received an invoice for ₹ 80,000/- towards the claim amount and ₹20,000 paid by Mr. Sharma. ITC available to ABC Insurance Ltd on ₹80,000/-.
 - (ii) As Per CBIC circular, ABC insurance Ltd can avail ITC on ₹ 80,000/- i.e., to the extent of re-imbursement, even though invoice is for ₹ 1,00,000/-
 - (iii) As Per Sec 17(5), repairs & maintenance in relation to motor vehicle is not eligible for ITC, if motor vehicle purchase is not eligible for ITC.
- As car purchased by Mr. Sharma is blocked ITC and not covered under exceptions, they cannot avail ITC with respect to invoice issued by garage.

- (iv) Even if payment is not made by ABC insurance Ltd to garage, they can avail ITC and the proviso to Section 16(2) i.e., payment to supplier within 180 days condition is not applicable in this case.

Question No 17:

XYZ Telecom Ltd. is engaged in providing telecommunication services and is expanding its network by laying new Optical Fiber Cables (OFCs) across various regions. The OFCs are housed within PVC ducts, and service/connectivity manholes are installed as nodes in the network to facilitate maintenance and connectivity. The company has incurred significant expenses on purchasing these ducts and manholes.

You are required to:

1. Determine whether XYZ Telecom Ltd. can claim Input Tax Credit (ITC) on the purchase of ducts and manholes used in its OFC network, according to the provisions of the CGST Act.
 2. Explain the rationale behind the eligibility of ITC on these items, referring to the relevant sections of the CGST Act and the clarification provided in the circular.
 3. Discuss whether there are any specific restrictions under Section 17(5) of the CGST Act that would prevent XYZ Telecom Ltd. from claiming ITC on these purchases.
 4. Analyze the impact on XYZ Telecom Ltd.'s GST liability if these components were instead classified as excluded items under the definition of "plant and machinery."
- (i) As Ducts and manholes involves huge cost these are capitalized in the books of XYZ Telecom Ltd. and falls under capital goods. Also the same falls under plant & machinery other than Telecommunication tower, Pipelines laid outside factory, it is not covered under sec 17(5) and eligible for ITC.
- (ii) As the same is not covered under blocked ITC, due to exceptions and it is used in the course of furtherance of business of telecom, they can avail ITC.
- (iii) No restrictions Under Sections 17(5). However, if such parts are used for telecommunications towers, ITC not available.
- (iv) If the same is not covered under the definition of plant and machinery, ITC not available.

Question No 18:

Tata Steel Ltd., a registered supplier in Jharkhand, sells metal scrap (falling under Chapter 72 of the Customs Tariff Act) worth ₹25,00,000 to Mahindra & Mahindra Ltd., another registered person in Maharashtra, on June 15, 2024. The transaction involves scrap of iron and steel.

Additionally, Bharat Heavy Electricals Limited (BHEL), a Public Sector Undertaking (PSU), purchases ₹15,00,000 worth of metal scrap from Tata Steel Ltd. on June 20, 2024. BHEL is also a registered person under GST.

For both transactions, the applicable GST rate is 18%.

- (i) Determine the TDS liability for Mahindra & Mahindra Ltd. and BHEL on their respective purchases from Tata Steel Ltd.
 - (ii) Calculate the total amount payable by both Mahindra & Mahindra Ltd. and BHEL to Tata Steel Ltd., including GST and after TDS deduction.
 - (iii) If Mahindra & Mahindra Ltd. fails to deduct TDS on its purchase, what will be the implications under the CGST Act?
- (i) As Per Sec 51, of CGST Act 2017, Supply of Metal scrap by a registered person to another registered person is notified for TDS deduction. Accordingly, in the present case Mahindra & Mahindra Ltd is required to deduct TDS with respect to payment made to tata steel ltd i.e., (₹25 Lakhs X 2% = ₹50,000) towards IGST as location of supplier is Jharkhand and place of Supply Under section 10(1)(a) is Maharashtra. Also, as per Sec 51, supply of metal scrap by a registered person to PSU's is also notified U/s 51. However, the relaxation w.r.to Non-

applicability of TDS for supply between notified recipients is not applicable in case of sale of metal scrap by a registered person to another registered person. Therefore, TDS to be deducted by BHEL is ($\text{₹}15,00,000 \times 2\% = \text{₹}30,000$) towards IGST assuming it is an interstate transaction.

(ii)

Payment By	Mahindra & Mahindra Ltd	BHEL
Value of Supply	25,00,000	15,00,000
IGST@ 18%	4,50,000	2,70,000
TDS@2%	(50,000)	(30,000)
Amount Payable towards Tata Steel Ltd	29,00,000	17,40,000

(iii) Failure to Deduct TDS attracts interest @18% under section 50, from the due date till the actual date of payment. Also, penalty payable u/s 122(1) which is 100% of TDS not Paid. For delay in filing TDS return, late fee payable @ ₹ 25/day subject to maximum ₹ 1,000 (each Act of CGST & SGST)

Question No 19:

Due Date of filling GSTR-3B is 20th of Next Month.

Month	GROSS LIABILITY	ITC AVAILED	BAL. IN ECL AS ON 20TH OF NEXT MONTH
July 24	₹ 8,00,000	₹ 3,00,000	₹ 5,00,000 (on 20/8/24)
Aug 24	₹ 4,00,000	₹ 1,00,000	₹ 7,00,000 (on 20/9/24) ₹8,00,000 (on 30/9/24)
Sep 24	₹ 6,00,000	₹ 4,00,000	₹ 10,00,000 (on 20/10/24)

GSTR 3B for all above months is filed on 28/12/24. Compute applicable interest payable.

As Per Section 50 Read with proviso (2) Rule 88B, if a person has deposited GST due on or before the due date of filling return in Electronic Cash Ledger (ECL), then interest is not applicable on such amount deposited.

July 24: Interest not applicable in terms of Proviso (2) Rule 88B as ₹5,00,000 is deposited by 20/08/2024.

August 24: Interest not applicable on ₹2,00,000 deposited by 20/9/2024. However, interest is applicable on ₹1,00,000 deposited after the due date. Interest computed from the due date till the date of Payments that is date of filling GSTR-3B.
Interest Payable = $\text{₹}1,00,000 \times 18\% \times 99/365 = \text{₹}4882$.

September 2024: Interest not applicable as ₹2,00,000 is deposited by 20/10/2024.

Question No 20:

The New India Assurance Co. Ltd., a registered insurance company in India, enters into a co-insurance agreement with ICICI Lombard General Insurance Co. Ltd. to jointly provide insurance coverage to Reliance Industries Ltd. The total premium paid by Reliance Industries for the policy is ₹10 crore. As per the co-insurance agreement, New India Assurance acts as the lead insurer, collecting the entire premium from Reliance Industries, and subsequently apportions 40% of the premium (₹4 crore) to ICICI Lombard. New India Assurance pays GST on the entire premium amount of ₹10 crore, as required by law. The applicable GST rate on insurance and reinsurance services is 18%.

Calculate the GST liability for New India Assurance Co. Ltd. on the full premium collected from Reliance Industries Ltd.

Determine if ICICI Lombard General Insurance Co. Ltd. is liable to pay any GST on the ₹4 crore premium apportioned to it under the proposed insertion in Schedule III of the CGST Act, 2017.

What will be your answer if New India Assurance is not paying GST on the entire premium of ₹10 crore but instead pay GST on the share retained by them?

(i) Services Provided by New India Assurance Co Ltd to Reliance Industries Ltd against consideration of Rs.10 Crores its treated as supply under sec 7(1)(a) GST Payable by new India Assurance Co. Ltd in FCM = $(10,00,00,000 \times 18\%)$

=1,80,00,000.

(ii) ICICI Lombard General Insurance providing co-insurance services to lead insurer against the consideration of Rs.4 crores is excluded from supply under sec 7(2) Read with Schedule III as the Lead insurer paid GST on total permission.

(iii) If New India Assurance is Paying GST on Rs.6 Crores then the share of premium received by ICICI Lombard insurance is not excluded from supply consequently GST is payable by ICICI Lombard on Rs.4 Crores.

Note: GST is Payable on transaction value determine under Sec 15, However in present case new India assurance Violated they provision of sec 15 by paying GST on Rs.6 Crores instead of paying GST on Rs. 10 Crores.

Question No 21:

ABC Insurance Ltd., a registered insurer in Maharashtra, is engaged in providing insurance services. During the current financial year, the company entered into following transactions:

(i) ABC Insurance Ltd. enters into a co-insurance agreement with XYZ Insurance Ltd. where ABC Insurance Ltd. is the lead insurer. The insured – Gyaati Industries- pays a total premium of ₹ 50,00,000 which is apportioned by the lead insurer - ABC Insurance Ltd. between itself and XYZ Insurance Ltd. in the ratio of 60:40 for the insurance services jointly supplied by them to Gyaati Industries. ABC Insurance Ltd. agrees to discharge the entire GST liability on the full amount of premium received from Gyaati Industries.

(ii) A large industrial plant needs an insurance worth ₹ 500 crore. It approaches ABC Insurance Ltd. for the same. However, since ABC Insurance Ltd. is unable to underwrite the entire risk alone, it enters into a reinsurance agreement with a reinsurer – PQR Insurance Ltd. The total premium charged is ₹ 50 lakh. The insurer - ABC Insurance Ltd. pays a reinsurance premium of ₹ 20 lakh to

PQR Insurance Ltd. This allows ABC Insurance Ltd. to manage its risk and financial exposure. While paying this amount to PQR Insurance Ltd., ABC Insurance Ltd. deducts a ceding commission of ₹ 1,00,000 which it has charged for the services it provides to PQR Insurance Ltd. PQR Insurance Ltd. pays GST on the gross reinsurance premium including the ceding commission.

Based on the provisions of Schedule III of the CGST Act, 2017, discuss whether the following activities amount to supply:

(a) Apportionment of co-insurance premium by ABC Insurance Ltd. To XYZ Insurance Ltd. for the insurance services jointly supplied by them to Gyaati Industries.

(b) Services by ABC Insurance Ltd. to PQR Insurance Ltd. for which ceding commission is deducted from reinsurance premium paid by ABC Insurance Ltd. to PQR Insurance Ltd.

(a) As per para 9 of Schedule III of the CGST Act, 2017, activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly

supplied by the lead insurer and the co-insurer to the insured is neither supply of goods nor supply of services and hence no GST is charged on the apportionment transaction. However, the lead insurer (ABC Insurance Ltd.) is required to pay the entire GST (CGST and SGST or IGST, as applicable) on the full premium amount paid by the insured – Gyati Industries, of ₹ 50,00,000. The co-insurer – XYZ Insurance Ltd. does not pay GST on its share of the premium separately.

- (b) As per para 10 of Schedule III of the CGST Act, 2017, services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer is neither supply of goods nor supply of services, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

However, the reinsurer (PQR Reinsurers Ltd.) is liable to pay GST on the gross reinsurance premium payable by the insurer (₹ 20 lakh), inclusive of the ceding commission (₹ 1 lakh).

Question No 22:

Mr. Rahul Mehra availed a car loan of ₹12 lakhs from HDFC Bank Ltd. on 10th January 2024. The loan agreement clearly specified that timely EMI payment on the 5th of every month was a material term.

Rahul defaulted on his EMI for April and May 2024. As per the RBI circular dated 18.08.2023, HDFC Bank levied a penal charge of ₹1,500 per default instead of penal interest. On 10th June 2024, the bank raised a debit note for ₹3,000 (₹1,500 × 2 months) and charged 18% GST on the penal charges.

Simultaneously, Rahul also holds a credit card with Bajaj Finance Ltd. He delayed the credit card bill payment due on 15th May 2024, for which Bajaj Finance levied a late payment charge of ₹750 along with 18% GST, citing it as a standard practice for credit card dues.

Rahul has now approached you as his GST consultant to understand:

1. Whether HDFC Bank is correct in charging GST on the penal charges levied for loan EMI default.
2. Whether Bajaj Finance is correct in charging GST on late payment charges for credit card dues.

Penal Charges by HDFC Bank on EMI Defaults:

HDFC Bank is an RBI Regulated Entity, and the defaulted loan is a car loan—a standard term loan falling under the RBI circular. Penal charges are levied in place of penal interest, following RBI instruction dated 18.08.2023.

As clarified by CBIC, these charges are not for "tolerating an act" (i.e., not a service), but are deterrent in nature and part of loan compliance framework. Hence, HDFC Bank is incorrect in charging GST on penal charges of ₹3,000.

Late Payment Charges by Bajaj Finance on Credit Card Default:

Credit card dues are explicitly excluded from the purview of the RBI circular. Such charges are typically included in the product-specific guidelines under credit card operations. CBIC in earlier clarifications (e.g., FAQ and Circular 121/40/2019-GST) has clarified that late payment charges on credit card dues are consideration for supply of financial service, and hence liable to GST. (Circular on liquidated damages is not applied in this case).

Therefore, GST is applicable on late payment charges related to credit card dues and Bajaj Finance is correct in charging GST on ₹750.

Question No 23:

Regal Foundation of Commerce organized a business summit in Surat, Gujarat, in which all the startups were invited to pitch their business ideas. Pandit Jewels Pvt Ltd., registered in the State of Maharashtra, sponsored the summit and paid a sponsorship fee of ₹ 1,50,000 to Regal

Foundation of Commerce.

You are required to determine, who is the person liable to pay tax if:

(I) Regal Foundation of Commerce is a body corporate.

(II) Regal Foundation of Commerce is not a body corporate.

(i) In case of services provided by way of sponsorship service to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.

Since Regal Foundation of Commerce, the supplier, is a body corporate in this case, so reverse charge provisions are not applicable in this case.

Thus, Regal Foundation of Commerce is required to pay tax under forward charge on the supply of the sponsorship services.

(ii) In case of services provided by way of sponsorship to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.

Since Regal Foundation of Commerce, the supplier, is not a body corporate in this case, so reverse charge provisions are applicable in this case.

Accordingly, Pandit Jewels Pvt Ltd is required to pay tax under the reverse charge on sponsorship fees paid to Regal Foundation of Commerce.

Question No 24:

UrbanStay Pvt. Ltd. is an electronic commerce operator (ECO) facilitating short-term accommodation services through its platform (a notified service under Section 9(5) of the CGST Act). In the month of April 2025, it had the following transactions:

Outward supplies:

Nature of Supply	Amount (Excl. GST)	GST Rate
Booking charges for homestays provided by unregistered persons through platform	₹10,00,000	12%
Platform usage fee charged to property owners (commission)	₹2,00,000	18%
Advertising space sold on website to brands	₹1,00,000	18%

Inward supplies:

Description	Amount (Excl. GST)	GST Rate
Google Ads and marketing services	₹1,00,000	18%
Office rent (commercial property)	₹70,000	18%
Laptop purchases for marketing team	₹1,20,000	18%
Food and catering for in-house training	₹20,000	5%
Cloud server subscription	₹60,000	18%

Determine the net GST payable in cash, after adjusting eligible ITC against liability. Clearly bifurcate the amount payable under Section 9(5) and own supplies.

Inward Supply	Amount	GST Rate	GST Amount	ITC Allowed
Google Ads and marketing	₹1,00,000	18%	₹18,000	₹18,000
Office Rent	₹70,000	18%	₹12,600	₹12,600
Laptops	₹1,20,000	18%	₹21,600	₹21,600
Catering for training	₹20,000	5%	₹1,000	Nil
Cloud Server Subscription	₹60,000	18%	₹10,800	₹10,800
Total ITC				₹63,000

Tax Payable Under Section 9(5):

Nature of Supply	Value	GST Rate	Tax Liability	Payment Mode
Homestay Booking	₹10,00,000	12% (6% CGST + 6% SGST)	₹1,20,000	In Cash only

→ ₹60,000 CGST + ₹60,000 SGST

2. Tax on UrbanStay's Own Services (Forward Charge):

Nature	Value	GST Rate	Tax
Platform Fee	₹2,00,000	18%	₹36,000
Ad Revenue	₹1,00,000	18%	₹18,000

→ Total = ₹54,000 (₹27,000 CGST + ₹27,000 SGST)

Can be paid using available ITC.

- Total Tax Payable = ₹1,74,000
- ITC Utilized = ₹54,000 (Only for own supplies)
- Cash Payable = ₹1,20,000 (Only for Section 9(5) liability)

Balance ITC to be carried forward = ₹63,000 (-) ₹54,000 = ₹9,000

Question No 25:

Skyline Constructions Pvt. Ltd., a registered real estate developer in Delhi, enters into a lease agreement with the Delhi Development Authority (DDA) in April 2025 for acquiring a plot of land on long-term lease (99 years) for commercial development.

DDA raises an invoice of ₹50 lakhs as upfront lease premium.

Skyline Constructions intends to not pay GST under reverse charge, claiming that since DDA is a local authority, the services fall under Sr. No. 5 of Notification No. 13/2017-CT(R), and hence RCM applies.

However, the jurisdictional officer contends that DDA is not a "local authority" under Section 2(69) of the CGST Act and demands GST payment under forward charge by DDA.

Justify your answer with legal provisions and clarification.

As per Section 2(69) of the CGST Act, 2017, a "local authority" includes only elected self-governing bodies such as municipalities or bodies entrusted with the control of a municipal or local fund. CBIC has specifically clarified that DDA does not qualify as a local authority since it is not an elected body and is not entrusted with the management of a municipal fund. Therefore, the reverse charge mechanism (RCM) under Sr. No. 5 of Notification No. 13/2017 – Central Tax (Rate), which applies only to services provided by a local authority to a business entity, is not applicable in this case.

However, DDA qualifies as a "Governmental Authority" under GST, since it is a statutory body established under the Delhi Development Act, 1957 (an Act of Parliament), is under the administrative control of the Ministry of Housing and Urban Affairs, and performs functions such as urban planning and land development — which are among the functions listed under Article 243W of the Constitution. As such, DDA is eligible for exemption under Notification No. 12/2017 – Central Tax (Rate).

Therefore, the supply of service by DDA in the form of long-term lease of land is exempt from GST. As a result, there is no GST liability under either the reverse charge mechanism (RCM) or the forward charge mechanism. The contention of jurisdictional officer is not correct.

Question No 26:

Examine whether GST is exempted in the following independent cases of supply of services:

- (i) Apex Facilities provided civil maintenance services for the upkeep of the Municipal Corporation of Delhi (MCD) head office building. Value of supply of goods constitute 20% while providing such maintenance services.
- (ii) M/s Talreja & Talreja, a firm of advocates, provides legal services to the State Government for representation in the High Court.
- (iii) BLF Mall, Noida provides services by way of vehicle parking to general public in the basement of mall.
- (iv) Service provided by a private transport operator to Scholar Boys Higher Secondary School by way of transportation of students to and from the school.

- (i) If the composite supply of goods and services provided to local authority, in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply, by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution, then it would be exempt under GST.

Further, it has been clarified vide a Circular that civil maintenance services received for the upkeep of the MCD office are not in relation to any function entrusted under Article 243W of the Constitution and thus not covered under the exemption. Therefore, such civil maintenance services are not exempt and hence taxable.

- (ii) Services provided by a partnership firm of advocates to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity are exempted from GST. Thus, legal services provided by Talreja & Talreja, a firm of advocates, to the State Government for representation before the High Court are exempted from GST.
- (iii) Services provided by way of vehicle parking to general public are not specifically exempted from GST. Therefore, GST is payable on the same.
- (iv) Services by way of transportation of students provided to an educational institution which is engaged in providing services by way of pre-school education and education up to higher secondary school or equivalent are exempted from GST.

Therefore, in the given case the services provided by private transport operator are exempt.

Question No 27:

GiftKart India Pvt. Ltd. is an Indian startup that issues prepaid gift cards and vouchers redeemable at multiple retail outlets and e-commerce platforms. These vouchers are issued both as RBI-recognized PPIs (reloadable digital wallets) and closed-loop gift cards (not recognized by RBI).

GiftKart enters into two types of arrangements for distribution:

1. With Happy Distributors Pvt. Ltd. (HDPL) – on a Principal-to-Principal (P2P) basis, where HDPL purchases ₹10 lakh worth of vouchers at a 10% discount and sells them to corporates at face value.
2. With ClickPay Solutions LLP – as an agent, where ClickPay distributes vouchers via online platforms and earns a commission of ₹1.5 lakh per month. ClickPay also charges ₹50,000/month for tech support and marketing services related to voucher issuance.

During FY 2024–25, GiftKart reports:

- ₹3 lakh worth of vouchers that expired unredeemed.
- It has issued both RBI-regulated PPIs and closed-loop gift cards under these models.

Examine whether GST is applicable and compute GST liability, if any on the above transactions, if such vouchers are recognized as RBI-regulated PPIs or Not recognized by RBI and hence treated as non-PPI vouchers

a) Sale of vouchers to HDPL on P2P basis –

No GST is applicable.

Since the arrangement is on Principal-to-Principal basis and HDPL takes ownership of vouchers and sells them at its own discretion, the transaction is considered a trading of vouchers, which are treated as either:

- Money (if RBI-recognized PPI) or
- Actionable claim (if not RBI-recognized)

In either case, it is neither supply of goods nor supply of services under GST (as per Section 7 read with Schedule III and CBIC circular).

b) Commission and additional service charges by ClickPay –

ClickPay acts as an agent, earning a commission (₹1.5 lakh) and service fees for tech support/marketing (₹50,000).

As per clarification:

- Commission is consideration for intermediary services → Taxable
- Marketing/tech support are additional services → Taxable

Therefore, GST liability = (₹1.5 lakh + ₹50,000) × 18% = ₹36,000

c) Unredeemed vouchers (breakage) –

The ₹3 lakh worth of expired vouchers is not liable to GST, since there is no underlying supply of goods or services when a voucher is not redeemed.

As per Circular No. 178/10/2022-GST and recent clarification:

- No GST on breakage as it is not a consideration for supply.
- There's no express/implied agreement to forfeit or charge for non-redemption.

Question No 28:

Mascot Motors Private Limited (hereinafter referred as MMPL), a dealer of motor vehicles, registered in Udaipur, Rajasthan, has given an ex- works contract to M/s Ganesh Traders, registered in Ahmedabad, Gujarat for manufacturing 10 units of Pick-Up vans.

M/s Ganesh Traders manufactured the vans and handed them over to transporter on behalf of MMPL on 29th April and delivery on its part is complete at its factory gate in Ahmedabad. Further, it raised the invoice for all ten Pick-Up vans on same day. MMPL has recorded the invoice in its books on the same day. Price of the vans (ex-factory) was ₹ 10 lakh each (excluding GST @ 28%).

However, the vans were physically received by MMPL at its showroom in Udaipur, Rajasthan on 2nd May and payment was also made on the same day. After the payment, two Vans got damaged completely in a fire in the showroom in first week of May and therefore, they were written off in the books in the month of receipt by MMPL.

Discuss the availability of ITC on pick-up vans to MMPL with reference to the provisions under GST law. In which month, MMPL is eligible to avail ITC on the purchase of vans and how much ITC is available in respect of the vans?

Section 16(2)(b) of the CGST Act, 2017 provides that no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless he has received the goods or services or both.

Explanation to section 16(2)(b) of the CGST Act, 2017 provides that it shall be deemed that the registered person has received the goods or, as the case may be, services, where the

goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise.

Further, it has been clarified vide a circular that in case of Ex-works contract, the property in the goods can be considered to have been passed on to the dealer by the Original Equipment Manufacturer (OEM) upon handing over of the said goods to the transporter at his factory gate, meaning thereby that the goods can be considered to have been delivered to the registered person (the dealer), through the transporter, by the supplier (the OEM) at his factory gate and the supply of the said goods can be considered to have fructified at the factory gate of the OEM, even though the goods may be physically received by the registered person (the dealer) after the transit period.

In the given case, since the contract between M/s Ganesh Traders (OEM) and MMPL (dealer) is ex-works, pick up vans are considered to be received by MMPL on 29th April i.e. the date on which the vans are handed over to the transporter, even though they were physically received in the month of May.

So, initially on 29th April, full ITC of ₹28 lakh [$₹10 \text{ lakh} \times 10 \text{ vans} \times 28\%$] can be availed while filing the return of the month of April. Subsequently, after the receipt of vans in the showroom, 2 vans were destroyed due to fire and written off in the books.

So, ITC in respect of such vans, which was already availed has to be reversed while filing the return of the next month-May, since ITC on the goods, which are destroyed is not available in accordance with section 17(5) of the CGST Act, 2017.

The Amount of ITC which has to be reversed in the return of next month is = ₹5.6 lakh [$₹10 \text{ lakh} \times 2 \text{ vans} \times 28\%$].

Question No 29:

Mr. Jayesh, a registered supplier of Mumbai, received the following amounts in respect of the various activities undertaken by him during the month of October, 2022.

S.No.	Particulars	Amount (₹)
(i)	Commission received as a recovery agent from a Non-Banking Finance Company (NBFC)	80,000
(ii)	Actionable claim received from normal business debtors	10,50,000
(iii)	Amount received from ABC Ltd. for performance of classical dance in one program.	1,74,500
(iv)	Business assets (old computers) given to a friend free of cost, the market value of all the computers was ₹ 51,000, No input tax credit has been availed on such computers when used for business.	No amount
(v)	Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence.	15,200

Details of Input Services: -

S.No.	Particulars	Amount (₹)
	Paid to an unregistered Goods Transport agency for various consignments of transportation of goods by road. (Each individual consignment in a single carriage was of less than ₹ 1,450.)	15,100

Notes:

- a) All the amount stated above in both the tables are exclusive of GST, wherever applicable.
b) Aggregate turnover of Mr. Jayesh in previous year was ₹ 42,00,000.

You are required to Compute Gross value of supplies, on which GST to be paid by Mr. Jayesh for the month of October, 2022,

Computation of Gross value of supplies on which GST is payable by Mr. Jayesh for the Month of October 2022.

Particulars	Amount (₹)
Commission received as a recovery agent from NBFC (Note-1)	NIL
Actionable claim (Note-2)	NIL
Classical dance performance (Note-3)	1,74,500
Sale of Business assets (Note-4)	NIL
Residential dwelling to registered person (Note-5)	NIL
Total Gross value on which GST payable under FCM	1,74,500
GTA services availed (Note-6)	15,100
Total Gross value on which GST payable (incl. RCM)	1,89,600

Notes to above:

Note -1: Agent services - Recovery Agent services provided to Banking company/FI/NBFC covered under RCM u/s 9(3), so NBFC need to pay GST under RCM.

Note -2: Actionable claim other than Specified Actionable Claims neither supply of Goods nor services u/s 7(2) read with Schedule III.

Note-3: Services by a performance artist in Folk or classical art forms of music or dance or theatre, where amount charged is upto ₹1,50,000 for a performance excluding services provided by such artist as a brand ambassador, covered under exemption so in the above case per performance exceeds 1,50,000 so taxable.

Note-4: U/s 7(1)(c) Disposal of business assets on which ITC has been availed even though not for consideration & Related party transactions are taxable, but in the above case sale of computer on which ITC not availed given to a friend free of cost not covered under 7(2)(c) so not taxable.

Note-5: Renting of residential property for residential purpose to a registered person is covered under RCM u/s 9(3), so in the above case registered individual has to pay GST under RCM u/s 9(3). If such registered individual uses for family stay, then the said service is exempted.

Note-6: GTA Services to a person other than Unregistered Individual, HUF or AJP. (Such individual, HUF, AJP should not have factory), So Mr. Jayesh has to pay tax under RCM 9(3).

Question No 30:

Royal Sweet Co., Delhi, a registered supplier, has furnished the details of the following few transactions which took place in November, 20XX:

	Date	Particulars	Date of invoice	Amount
(i)	11.11.20XX	Payment made to an advocate in Delhi	07.07.20XX	1,25,000
(ii)	20.11.20XX	Paid sitting fee to Director from Haryana for meeting held in Delhi on 15.10.20XX [Inter-State supply]	15.10.20XX	75,000

Assume the rates of taxes to be as under: -

Particulars	Rate
CGST	9%
SGST	9%
IGST	18%

You are required to compute GST [CGST & SGST/IGST, as the case may be] payable for the month of November, 20XX along with time of supply of the aforementioned activities.

Computation of GST payable for the month of November, 20XX.

S. No.	Particulars	Time of supply of services	CGST (₹)	SGST (₹)	IGST (₹)	Interest (₹)
(i)	Services from an advocate in Delhi	06.09.20XX [Note-1 & 3]	11,250	11,250	-	244 [Note-4]
(ii)	Director's Sitting fee	20.11.20XX [Note-2 & 3]	-	-	13,500	

Notes:-

- Services supplied by an individual advocate to any business entity located in the taxable territory is a notified service on which tax is payable on reverse charge basis by the recipient of services.
- Services supplied by a director of a company to the said company is a notified service on which tax is payable on reverse charge basis by the recipient of services.
- As per section 13 of the CGST Act, 2017, the time of supply of services in case of reverse charge is earliest of the following: -
 - Date of payment as entered in the books of account of the recipient or the date on which the payment is debited to his bank account, whichever is earlier, or
 - Date immediately following 60 days since the date of issue of invoice.

Provisions of time of supply as provided under section 13 of the CGST Act are also applicable for inter-State supply vide section 20 of the IGST Act.

In view of the aforesaid provisions, the time of supply and due date for payment of tax in the given cases would be determined as under:

- Time of supply of the services is the date immediately following 60 days since the date of issue of invoice, i.e., 06.09.20XX. The due date for payment of tax is 20.10.20XX with return of September, 20XX.
 - Time of supply of service is 20.11.20XX and due date for payment of tax is 20.12.20XX with return of December, 20XX.
- The due date for payment of tax in case (i) is 20.10.20XX with return of September, 20XX. However, the payment of tax is actually made on 11.11.20XX. Thus, payment of tax is delayed by 22 days.

In case of delayed payment of tax, interest @ 18% per annum is payable for the period for which the tax remains unpaid starting from the day succeeding the day on which such tax was due to be paid [Section 50 of the CGST Act, 2017 read with Notification No. 13/2017 CT dated 28.06.2017]. In view of the same, in the given case, interest payable would be as follows:

Amount of interest payable = ₹ 22,500 × 18% × 22/365 = ₹ 244 (rounded off).

Question No 31:

Briefly examine the place of supply in the following independent cases.

- Ms. Shanti (unregistered resident of Gujarat) went to meet her parents at the native place Patna, Bihar and buys a medical insurance policy for her parents from an insurance company – MNT Insurers- of Patna (registered in Bihar). The location of the recipient of services in the records of the MNT Insurers is Patna.

- b) Lakhan Singh Transports Pvt. Ltd., a Goods Transportation Agency registered in Noida, Uttar Pradesh, is hired by Ram Trade Links (registered supplier in New Delhi) to transport its consignment of goods from its warehouse in Delhi to the house of a buyer located in Roorkee, Uttar Pradesh.
- c) Mr. Karan (Mumbai) takes a post-paid mobile connection in Mumbai from the service provider - Freesia Ltd. and gives his residence address at Mumbai as the address for billing with the said company.
- a) The place of supply of insurance services provided to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.
- b) The place of supply of services by way of transportation of goods, including by mail or courier to a registered person, is the location of such person. Thus, in the given case, the recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.
- c) The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services. Thus, in the given case, the place of supply is the location of billing address of the recipient, i.e. Mumbai.

Question No 32:

As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12th February 2024. Registration certificate has been granted by the Department on 24th February 2024, Vishnu Limited is not engaged in making inter-State outward taxable supplies. The CGST and SGST liability for the month of February, 2024 is ₹ 31,000 each. Vishnu Limited provides the following information of goods held in stock on 23rd February 2024:

Sr. No.	Particulars	Amount (₹)
1.	Capital goods procured on 5th February 2024, (Rate of CGST and SGST @ 6% each) being intra State supply	2,00,000
2.	Inputs contained in finished goods stock held were procured on 13th February 2023 (Rate of IGST @18%) being inter-State supply.	3,00,000
3.	Value of Inputs received on 10th October, 2023 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply.	2,50,000
4.	Inputs procured on 1st February 2024 lying in stock of semi - finished goods (Rate of CGST and SGST @ 7.5 % each) being intra-State supply.	1,50,000
5.	Inputs procured on 8th February 2024 lying in stock of finished goods. (Rate of IGST @ 18%) being inter-State supply.	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2024.

Computation of minimum net GST to be paid in cash by Vishnu Limited for the month of February 2024

Particulars	CGST (₹)	SGST (₹)
Output tax liability for the month	31,000	31,000
Less: Input tax credit (ITC) [Refer note below]	5,400 (IGST)	5,400 (IGST)

IGST credit is utilized first for payment of CGST and SGST liability in equal proportion. CGST credit is utilized for payment of CGST liability and SGST credit is utilized for payment of SGST liability.	25,600 (CGST)	25,600 (SGST)
Net GST payable (in cash)	Nil	Nil

Note: Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, i.e. on 23.02.2024, only within 1 year from date of issue of tax invoice by supplier.

Computation of eligible ITC available¹

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Capital goods [Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration.]	Nil	Nil	Nil
Inputs procured on 13th February 2023	Nil	Nil	Nil
Inputs procured on 10th October 2023	15,000	15,000	Nil
Inputs procured on 1st February 2024	11,250	11,250	Nil
Inputs procured on 8th February 2024	Nil	Nil	10,800
Total ITC	26,250	26,250	10,800

Note: In the above answer, minimum net GST to be paid in cash has been computed by setting off the IGST liability in equal proportion so as to minimize the amount of CGST and SGST payable in cash. Resultantly, Net GST payable (in cash) is Nil each under CGST and SGST.

However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in other possible ways as well.

Question No 33:

M/s. T is a registered dealer of Andhra Pradesh trading in different types of machinery and its related different types of services. Their aggregate turnover for the preceding financial year 2022-23 for sale of machinery was ₹ 1.32 Crores it was first year so they had not started for providing service related to machinery. From FY 2023-24 they are planning to provide repair and maintenance service of ₹ 6.25 Lakh for which they have to purchase some raw material of 5 Lakh from the other state (till date they are purchasing within state only).

From the information given above examine whether M/s. T can opt for composition scheme under Section 10(1), 10(2A) or 10(2) of the CGST Act for FY 2023-24?

A registered person is eligible to opt for composition scheme for goods in the current financial year (FY) provided his aggregate turnover does not exceed ₹ 1.50 crore [other than in specified Special Category States] in the preceding FY.

Since aggregate turnover of M/s. T in the preceding FY does not exceed ₹ 1.5 crore, he is eligible for composition scheme for goods under section 10(1) and 10(2) of the CGST Act, 2017 in the current FY.

As per section 10(2A) of the CGST Act, 2017, a registered person who is eligible to pay tax under section 10(1) and (2) is not eligible for opting for composition under section 10(2A) of the CGST Act, 2017. As per section 10(2A) of the CGST Act, 2017, person engaged in the supply of service is eligible for composition scheme for payment of tax @ 3% CGST and 3% SGST provided his aggregate turnover does not exceed ₹ 50 lakh in the preceding FY.

¹ It is assumed that amounts mentioned in the question are exclusive of GST. However, it is also possible to solve the question by assuming the amounts given in the question to be inclusive of tax.

Since turnover of previous year is ₹ 1.32 crore and firm is not dealing in the service only, M/s T cannot opt for composition scheme under section 10(2A) of the CGST Act, 2017 for FY 2023-24. A person who opts to pay tax under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017 is also permitted to supply services [other than restaurant services] upto a value not exceeding:

- (a) 10% of the turnover in a State/U.T. in the preceding financial year, or
- (b) ₹ 5 lakh, whichever is higher.

Thus, M/s T is permitted to supply services upto a value of ₹ 13,20,000 i.e. 10% of ₹ 1.32 crores, in current FY.

Further, there is no restriction on composition supplier to receive inter State inward supplies of goods or services.

Thus, it can be concluded that M/s T can opt for composition scheme of goods under section 10(1) of the CGST Act, 2017 for FY 2023-24.

Question No 34:

Examine whether the supplier is liable to get registered in the following independent cases: -

- (i) Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 28 lakhs. He has another showroom in Tripura with a turnover of ₹ 11 lakhs in the current FY.
- (ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakhs
- (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ₹ 24 lakhs
- (iv) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakhs.
- (v) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is ₹ 30 lakhs.

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra - State taxable supplies of goods is as under: -

- ▶ ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- ▶ ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- ▶ ₹ 40 lakh for rest of India. However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes, bricks and roofing tiles.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under: -

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:

-

- (i) Raghav is eligible for higher threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments from a Special Category State i.e. Tripura, the threshold

limit gets reduced to ₹ 10 lakh. Thus, Raghav is liable to get registered under GST as his turnover exceeds ₹10 lakh. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.

- (ii) The applicable threshold limit for registration for Pulkit in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.
- (iii) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of ₹40 lakh. The applicable threshold limit for registration in this case is ₹20 lakh. Thus, Harshit is liable to get registered under GST.
- (iv) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Ankit is liable to get registered under GST.
- (v) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is ₹ 20 lakh. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.

Question No 35:

Ranmo Limited, a registered entity under GST has demerged its operations with effect from 31st October, 2023. The registration of Ranmo Limited has been cancelled suo-motu by the Proper Officer. The order of cancellation of registration was passed on 4th November, 2023 and was served on 7th November, 2023.

Ranmo Limited wishes to apply for revocation of cancellation of registration on 4th February, 2024. The tax consultant of Ranmo Limited advised that application for revocation of cancellation or registration is time barred and hence not valid in law. You are required to examine the technical veracity of the advice given by Tax Consultant of Ranmo Limited.

A registered person, whose registration is cancelled by the proper officer on his own motion, may, subject to the provisions of rule 10B of the CGST Rules, 2017, submit an application for revocation of cancellation of registration, in prescribed form, to such proper officer, within a period of 90 days from the date of the service of the order of cancellation of registration.

However, such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for a further period not exceeding 180 days. Thus, in the given case, Ranmo Limited can apply for revocation of cancellation of registration within a period of 90 days from the date of the service of the order of cancellation of registration, i.e. within 90 days from 7th November, 2023.

The application submitted for revocation of cancellation of registration is valid in law as the same has been submitted within the prescribed time limits.

Thus, the advice given by Tax Consultant of Ranmo Limited is not valid in law.

Question No 36:

Sapna Education Pvt. Ltd is receiving supplies through E-Commerce, Ltd (an Electronic Commerce operator) has provided the following supplies during December, 2020 through E-Comm. Ltd. —

	Supply	Returns, if any
1. Supplies of goods taxable at 12% by registered supplier	5,00,000	50,000
2. Supply of goods taxable at NIL-rate by registered supplier	2,00,000	20,000
3. Supply of housekeeping services by unregistered supplier	50,000	—
4. Supply of other services by registered supplier	1,50,000	—

Required:

1. Determine the amount of tax to be collected at source by E-comm. Ltd.
2. Determine consequences if said amount is paid and return is filed on 15-1-2021. Assume no extensions.

The amount of tax to be collected at source by E-Comm. Ltd. is as under (₹) —

1. Supplies of goods taxable at 12% (net of returns)	4,50,000
2. Supply of goods taxable at NIL-rate (not liable to TCS, as it is exempted)	—
3. Housekeeping services (not liable to TCS, as it falls u/s 9(5) & GST is payable by E-Commerce operator)	—
4. Other services (liable to TCS)	1,50,000
Amount on which tax is to be collected at source	6,00,000
Rate of TCS [0.5% + 0.5%]	0.5%
Amount of TCS	3,000
Due date of payment and due date of filing return in GSTR-8	10-01-2021
Actual date of filing return	15-01-2021
Interest and late fee for	5 days
Interest @18% for 5 days [$₹ 3,000 \times 18\% \times 5 / 365$]	₹ 7
Late fee for belated filing of GSTR-8 @100 per day under CGST + 100 under SGST = ₹ 200 per day, subject to maximum ₹ 5,000 under CGST + ₹ 5,000 under SGST.	₹ 1,000

Question No 37:

Mr. Bholuram, a supplier located in Meerut, U.P. supplied the bedsheets, pillow covers and blankets to a Governmental agency, registered in U.P. under a contract. The total contract value is ₹ 4,61,000 excluding GST. The value of supply is bifurcated as below:

400 Blankets for ₹ 600 each ₹ 2,40,000

850 Bed Sheets for ₹ 180 each ₹ 1,53,000

1700 Pillow Covers for ₹ 40 each ₹ 68,000

Is Governmental agency required to deduct tax at source (while making the payment to Mr. Bholuram) under section 51 of the CGST Act, 2017 and if yes, determine the amount of tax to be deducted source?

As per section 51 of the CGST Act, 2017, it is mandatory for the following persons to deduct tax at source from payments made to the suppliers of taxable goods and/or services:-

- (a) Central/State Government department or establishment;
- (b) local authority; or
- (c) Governmental agencies; or
- (d) such notified persons

The tax would be deducted @ 1% (each under CGST and SGST) of the payment made to the supplier of taxable goods and/or services, where the total value of such supply, under a contract, exceeds ₹ 2,50,000 (excluding the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice). Thus, individual supplies may be less than ₹ 2,50,000/-, but if total value of supplies under a contract is more than ₹ 2,50,000/-, TDS has to be deducted.

In the given case, Mr. Bholuram has made supplies to a Governmental agency and total value of supply under a contract exceeds ₹ 2,50,000, it is mandatory for Governmental agency to deduct TDS @1% each under CGST and SGST on the net value of taxable supplies.

The amount of TDS required to be deducted each under CGST & SGST each is ₹ 4,610.

Question No 38:

PQR Ltd., have filed their GSTR-3B return for the month of August, 2020 within the due date i.e., 20.09.2020. It was noticed in October, 2020 that tax dues for the month of August, 2020 have been short paid by ₹ 10,000. The shortfall of ₹ 10,000 was paid through cash ledger and credit ledger amounting to ₹ 7,500 and ₹ 2,500 respectively while filing GSTR-3B of October, 2020 which was filed on 20.11.2020.

- I. Examine and compute the interest payable if any under the CGST Act, 2017.
- II. What would be your answer if, GSTR-3B for the month of August 2020 had been filed belatedly on 20.11.2020 as above.

Note: Ignore the effect of the leap year. Electronic cash ledger and credit ledger carried sufficient balance for the above shortfall.

In case of delayed payment of tax, interest is payable @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

However, interest is payable only on the short-paid tax which is paid through electronic cash ledger if return under section 39 is furnished after the due date.

- I. In the given case, PQR Ltd. has furnished the return for August 2020 by the due date. Hence, interest is payable on the entire amount of short payment of ₹ 10,000, as under:

$$= ₹ 10,000 \times 18\% \times 61/365 = ₹ 300.82 \text{ or } 301 (\text{rounded off})$$
- II. If PQR Ltd. has furnished the return for August 2020 after the due date, interest is payable only on the short payment which is paid through electronic cash ledger, i.e. ₹ 7,500, as under:

$$= ₹ 7,500 \times 18\% \times 61/365 = ₹ 225.62 \text{ or } 226 (\text{rounded off})$$

Question No 39:

Mehul Enterprises, registered under GST in Uttar Pradesh and a monthly return filer, is engaged in making taxable supplies of goods and services. It furnished the details of its outward supplies in Form GSTR-1 for the month of January on 11th February.

However, on 14th February, the accountant of Mehul Enterprises noticed that one invoice issued to Vaishali Traders (registered in Gujarat) for supply of goods of value of ₹ 1,00,000 (taxable @ 18%) pertaining to January has been inadvertently missed to be declared in Form GSTR-1 furnished for January. He has approached you for the advice before furnishing Form GSTR-3B for the said month. You are required to briefly discuss whether Mehul Enterprises can amend the details of outward supply furnished in Form GSTR-1 of January. If such amendment is permitted and details of Form GSTR-1 are amended, whether the details of said invoice will be available in Form GSTR-2B of Vaishali Traders for the month of January.

As per proviso to rule 59(1), a registered person may, after furnishing the details of outward supplies of goods or services or both in Form GSTR-1 for a tax period but before filing of return in Form GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in Form GSTR-1A for the said tax period. Thus, Mehul Enterprises has the option to furnish the details of the invoice issued to Vaishali Traders in Form GSTR-1A on or after 14th February but before filing Form GSTR-3B for January. The corresponding effect of the changes made through Form GSTR-1A on the liability of Mehul Enterprises shall be reflected in Form GSTR-3B for January.

Further, rule 60(7)(ia) provides that the additional details or amendments in details of outward supplies furnished by the supplier in Form GSTR-1A filed after the due date of furnishing of Form GSTR-1 for the previous tax period shall be reflected in Form GSTR-2B for the current tax period. This implies that the ITC for the supplies declared or amended by the suppliers through Form GSTR-1A will be available to the recipient in Form GSTR-2B generated for the next tax period. Thus, the details of missing invoice of Vaishali Traders will be available in its Form GSTR-2B for the month of February.

Question No 40:

Mr. Shambhu, a trader registered under GST in Delhi is engaged in wholesale business of toys for kids. Mr. Nandi registered under GST in Patiala, a regular return filer supplies toys in bulk to Mr. Shambhu for selling to end consumers.

Mr. Shambhu paying tax in regular scheme in Delhi, has not filed GSTR-3B for last 2 months. Mr. Nandi wants to generate e-way bill for toys amounting to ₹ 5,00,000 to be supplied to Mr. Shambhu. Also Mr. Narayan from Jammu approached Mr. Shambhu for purchasing toys amounting to ₹ 75,000 for the purpose of return gift on his son's first birthday party. Shambhu wants to generate an e-way bill in respect of an outward supply of goods to Mr. Narayan. Examine with reference to the provisions under GST law, whether Mr. Nandi and Mr. Shambhu can generate e-way bill?

Rule 138E of the CGST Rules, 2017 contains provisions pertaining to blocking of e-way bill generation facility, i.e., disabling the generation of E-way bill.

A user will not be able to generate e-way bill for a GSTIN if the said GSTIN is not eligible for e-way bill generation as per rule 138E.

Rule 138E as amended vide Notification No. 15/2021 CT dated 18.05.2021 provides that blocking of GSTIN for e-way bill generation would only be for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN.

In terms of rule 138E, a person paying tax under regular scheme who has not furnished the returns for a consecutive period of 2 tax periods is considered as a defaulting person. Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.

In other words, e-way bill generation facility is blocked only in respect of any outward movement of goods of the registered person who is not eligible for e-way bill generation as per rule 138E. E-way bills can be generated in respect of inward supplies of said registered person.

Thus, applying the above provisions, there will be no restriction in generating e-way Bill by Mr. Nandi as Mr. Nandi who is making outward movement of goods is a regular return filer. E-way bill generation is blocked in case of movement of goods made by Mr. Shambhu to Mr. Narayan as it's an outward movement of goods of Mr. Shambhu who has not filed GSTR-3B for past 2 months.

Question No 41:

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

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

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

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

- I. Services received and used for supplying taxable outward supplies – ₹ 3,50,000.

- II. Catering services received for students of Manavtaa Higher Secondary School – ₹ 2,00,000
- III. Bus purchased with seating capacity of 25 persons including driver – ₹ 10,50,000 (Bus was delivered in the first week of September).

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

- I. It runs an old age home for citizens aged 65 years or more. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance are charged from each member. The total number of members is 20.
- II. It rents out a community hall situated within the precincts of a temple managed by it on 15th August for a religious function in the first half for ₹ 5,000 and for an art exhibition in second half for ₹ 6,000.
- III. It rents out the rooms in the precincts of said temple to the devotees for a rent of ₹ 950 per room per day. Total rent collected in August amounts to ₹ 35,000.

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

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

From the information given above, choose the most appropriate answer for Q. 1 to Q. 5 given below: -

MULTIPLE CHOICE QUESTIONS

- Which of the following activities of the trust does not amount to supply under the GST law?
 - Free laptops distributed to the deprived students
 - Boarding, lodging and maintenance of the senior citizens by the old age home run by the trust
 - Renting of community hall situated within the precincts of the temple managed by the trust
 - Renting of rooms in the precincts of the temple managed by the trust
- Compute the value of inward supplies on which tax is payable by the trust under reverse charge, for the month of July.
 - ₹ 2,00,000
 - ₹ 3,20,000
 - ₹ 1,20,000
 - Nil
- Compute the value of exempt supply made by the trust for the month of August.
 - ₹ 3,00,000
 - Nil
 - ₹ 3,35,000
 - ₹ 35,000
- Compute the value of taxable supply made by the trust for the month of August.
 - ₹ 3,00,000
 - ₹ 11,000
 - Nil
 - ₹ 35,000

5. Determine the amount of ITC that can be credited to the Electronic Credit Ledger of the trust, in the month of August assuming rate of GST to be 18%.
- ₹ 36,000
 - ₹ 63,000
 - ₹ 1,89,000
 - ₹ 2,88,000

ANSWERS TO CASE STUDY 1

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

Reason

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

2. **Option (d)** Nil

Reason

The services by way of security services provided to a higher secondary school is exempt from GST as per Entry 66 of the Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*. Further, the legal consultancy services by a firm of advocates to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017, are exempted from GST as per Entry 45 of the Exemption Notification No. 12/2017 CT(R) dated 28.06.2017.

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

3. **Option (c)** ₹ 3,35,000

Reason

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

- Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AB of the Income Tax Act, 1961 except:
 - renting of rooms where charges are ₹ 1,000 or more per day;
 - renting of community halls where charges are ₹ 10,000 or more per day; [Entry 13 of *Exemption Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Services by an old age home run by Central Government, State Government or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance. [Entry 9D of *Exemption Notification No. 12/2017 CT(R) dated 28.06.2017*]

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

4. **Option (b)** ₹ 11,000

Reason

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

- a) Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AB of the Income Tax Act, 1961 except:
 (I) renting of rooms where charges are ₹ 1,000 or more per day;
 (II) renting of community halls where charges are ₹ 10,000 or more per day;
 [Entry 13 of *Exemption Notification No. 12/2017 CT(R) dated 28.06.2017*]
- b) Services by an old age home run by Central Government, State Government or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance. [Entry 9D of *Exemption Notification No. 12/2017 CT(R) dated 28.06.2017*]

5. Option (b) ₹ 63,000

Reason

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

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

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

Question No 42:

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

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

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

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

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

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

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

MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is correct under GST law?
 - I. Receipt of software support service by Safe Bank Ltd. from HO is supply
 - II. Issue of laptop to new MD as gift is supply.
 - III. Receipt of software support service by Safe Bank Ltd. from HO is not a supply.
 - IV. Issue of laptop to new MD as gift is not a supply.
 - a) (i) & (ii)
 - b) (i) & (iv)
 - c) (ii) & (iii)
 - d) (iii) & (iv)
2. In respect of services availed by Safe Bank Ltd., the bank shall pay tax under reverse charge for which of the following services?
 - a) Service availed from 'Quick Loan Providers LLP'
 - b) Service availed from 'Fast Recovery Services Pvt. Ltd.'
 - c) Both (a) and (b)
 - d) None of the services availed attracts RCM
3. Compute the value of exempt supply provided by the branch of Safe Bank Ltd. for the month of May?
 - a) ₹ 15,00,000
 - b) ₹ 41,95,000
 - c) ₹ 51,35,000
 - d) ₹ 66,95,000
4. Compute the value of taxable supply made by the branch of Safe Bank Ltd. for the month of May?
 - a) ₹ 10,45,000
 - b) ₹ 21,20,000
 - c) ₹ 36,80,000
 - d) ₹ 61,80,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

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

Reason

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

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

Reason

Services supplied by an individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership (LLP) firm to bank or non-banking financial company (NBFCs) are taxable under reverse charge. In the given case, Quick Loan Providers

LLP is a LLP and hence said service is not taxable under reverse charge. However, recovery services provided by any recovery agent are liable to GST under reverse charge

3. Option (c) ₹ 51,35,000

Reason

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

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

4. Option (a) ₹ 10,45,000

Reason

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

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

Question No 43:

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

- I. It supplied taxable goods to Dhanush Enterprises valuing ₹ 8,00,000 in the month of April, with a credit period of 1 month for payment. Thereafter, interest @ 12% p.a. is chargeable on the consideration. The payment is received from Dhanush Enterprises after the lapse of two months from the date of supply.
- II. It enters into a contract for supply of 100 office chairs @ ₹ 15,000 with Ashoka Mart on 21st August. Chairs are removed from the warehouse of Sarabhai & Sarabhai Associates on 5th September along with the invoice of said date. Ashoka Mart has paid 30% of the total contract value on 21st August; 70% is paid after delivery of chairs on 10th September.
- III. In the month of October, it provided services by way of transportation of goods in a goods carriage by road to Fisheries Department of Government of India, which is registered under GST only for the purpose of deducting tax at source. Sarabhai & Sarabhai Associates is a registered goods transport agency and charges ₹1,20,000 for the said services.
- IV. It also provided services of Direct Selling Agent to an NBFC located in Mumbai in the month of December for ₹ 50,000.
- V. It organized a business exhibition in the month of December for which it received a sponsorship fee of ₹ 3,00,000 from Dhara Ltd.
- VI. It has a policy to provide free gifts to each of its employees valuing ₹ 50,000 at the end of each financial year.
- VII. It availed services of Dhruv Travel Agency for organizing a free vacation for its top performing employees in the month of December. GST of ₹ 50,000 was paid for the same. In the same month, it also paid GST of ₹ 20,000 on membership of Rudraksh Fitness Centre taken for its CEO.

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

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

MULTIPLE CHOICE QUESTIONS

1. Value of supply made to Dhanush Enterprises, assuming the interest on delayed payment to be exclusive of GST, is _____.
a) ₹ 8,00,000
b) ₹ 8,08,000
c) ₹ 7,92,000
d) ₹ 8,16,000
2. The time of supply of advance money of ₹ 4,50,000 received for supply of office chairs to Ashoka Mart is _____. For balance payment of ₹ 10,50,000 received, the time of supply is _____.
a) 21st August; 5th September
b) 5th September; 10th September
c) 21st August; 10th September
d) 5th September; 5th September
3. Determine the value of outward supplies made by Sarabhai & Sarabhai Associates on which tax is payable under reverse charge.
a) ₹ 1,20,000
b) ₹ 50,000
c) ₹ 1,70,000
d) ₹ 3,00,000
4. Free gifts of value of ₹ 50,000 provided by Sarabhai & Sarabhai Associates to each of its employee is:
a) a supply as gifts of only less than ₹ 50,000 in value are not treated as supply in terms of Schedule I of the CGST Act, 2017.
b) a supply as gifts provided by employer to employee of any value are treated as supply in terms of Schedule I of the CGST Act, 2017.
c) a supply as gifts of only more than ₹ 50,000 in value are not treated as supply in terms of Schedule I of the CGST Act, 2017.
d) not a supply as gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply in terms of Schedule I of the CGST Act, 2017.
5. Sarabhai & Sarabhai Associates is eligible to claim input tax credit of _____ in the month of December.
a) ₹ 50,000
b) ₹ 20,000
c) ₹ 3,70,000
d) Nil

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b) ₹ 8,08,000**

Reason

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

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

Reason

Taxpayers under forward charge (except composition suppliers and registered persons making supply of specified actionable claims) are not required to pay GST at the time of receipt of advance in relation to supply of goods. The entire GST shall become payable only when the invoice for the supply of such goods is issued or ought to have been issued. Thus, time of supply of goods for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued under section 31 of the CGST Act, 2017..

3. **Option (d)** ₹ 3,00,000

Reason

Sarabhai & Sarabhai Associates, being a partnership firm, is liable to pay GST on Direct Selling Agent related services under forward charge. The services of goods transport to Fisheries Department of Government of India are not liable to GST under reverse charge mechanism but is exempt vide entry 21B of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017.

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

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

Reason

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

5. **Option (d)** Nil

Reason

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

Question No 44:

Rapidmove Logistics Pvt. Ltd. (hereinafter referred as RLPL), a registered company based in Pune, Maharashtra, is engaged in providing logistics and warehousing services, including transport of goods by road, cold storage warehousing for perishables, and consultancy services. It also deals in activities like storage of agricultural produce. During the quarter April to June of current year, the company undertook following transactions:

- (i) Logistics services provided to M/s Hanuman Enterprises, registered in Amravati, Maharashtra for ₹ 28,00,000 and to M/s Shiv Industries, registered in Gwalior, Madhya Pradesh for ₹ 22,00,000.
- (ii) Services by way of warehousing of vegetables provided to M/s Safal Farms registered in Solapur, Maharashtra and M/s Fresh Veggies registered in Vapi, Gujarat for ₹ 8,00,000 and ₹ 4,00,000 respectively
- (iii) Sale of land to Mr. Amit in Pune for ₹ 1,20,00,000, excluding stamp duty of ₹ 2,50,000 (stamp duty is charged at 2%).
- (iv) It also received consultancy services from Mr. Shreyas, an architect in the month of March of the previous financial year, for ₹ 80,000 (exclusive of GST @18%), but input tax credit (ITC) was not availed until now. The related invoice was dated 20th March of previous financial year.

- (v) Supplied goods to its newly opened warehouse in Bengaluru Unit valued at ₹ 6,00,000 (exclusive of GST @18%). The company has paid the GST but, Bengaluru unit did not make payment against this invoice within 180 days.
- (vi) In addition to the aforesaid transactions, RLPL spent an amount of ₹ 5,00,000 on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013.

During the same quarter, it also received a subsidy of ₹ 40,000 from an environmental NGO for adopting green refrigeration technology and using the Electric Vehicles for logistics. This subsidy was linked to a performance metric (carbon reduction), not to the price of services. The company has been compliant in filing periodic returns and statements on time during the year and has filed the annual return for preceding financial year on 15th October, of current financial year.

Multiple choice Questions

- What would be the aggregate turnover of RLPL for the quarter April–June?
(a) ₹ 1,88,00,000
(b) ₹ 1,93,00,000
(c) ₹ 1,82,00,000
(d) ₹ 68,00,000
- Which of the following options is correct regarding the availability of ITC to RLPL in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?
(a) The amount of ITC related to such procurement of goods is not available to RLPL.
(b) The amount of ITC related to such procurement of goods is available to RLPL.
(c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to RLPL.
(d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.
- RLPL can claim ITC for the invoice dated 20th March of the previous FY upto _____ of the current financial year.
(a) 30th September
(b) 31st December
(c) 15th October
(d) 30th November
- Subsidy received from the environmental NGO is to be _____:
(a) treated as part of consideration as it is received in connection with business
(b) excluded from transaction value as it is not directly linked to price of supply
(c) included in value, as it is consideration flown from third-party.
(d) included only if received before completion of supply
- Which of the following statements is true in relation to the non-payment of consideration by the Bengaluru Unit to Pune office?
(a) The Bengaluru Unit shall reverse the ITC availed on the goods received from Pune and also required to pay interest computed from the date of invoice till the date of reversal of ITC.
(b) The Bengaluru Unit shall reverse the ITC availed on the goods received from Pune and no interest shall be applicable.

- (c) The restriction of 180 days for payment of consideration is not applicable in the present case.
- (d) The Pune godown shall issue a credit note to Bengaluru Unit to reverse the supply.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

MCQ No.	Most Appropriate Answer
1.	(d)
2.	(a)
3.	(c)
4.	(b)
5.	(c)

Question No 45:

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

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

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

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

During the month of January, Dumdum Ltd. supplied goods worth ₹ 75,00,000 through the company's e-commerce platform. Out of this supply, the goods amounting to ₹ 15,00,000 were returned in January. Further, the company also supplied its own products amounting to ₹ 20,00,000 through the e-commerce platform in said month. The amount of hotel accommodation services supplied through its e-commerce portal by hotel owners not required to obtain registration under GST [in terms of section 22(1)] amounted to ₹ 20,00,000 for the month of January.

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

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

- What is the due date for filing the final return in the State of Assam?
 - within 3 months from 5th January
 - within 3 months from 31st January
 - within 3 months from 2nd February
 - within 3 months from 15th December
- Which of the following statements is correct in relation to the re-avaiement of the input tax credit that had been reversed earlier, upon payment of disputed amount by the company to Rudraksh Enterprises?
 - The company could have re-availed the ITC only up to 30th November of the previous financial year.
 - The company could have re-availed the ITC only up to 30th November of the current financial year.
 - The company could have re-availed the ITC only up to the end of the previous financial year.
 - ITC can be re-availed without any time limit after making the payment of disputed amount alongwith tax payable thereon to Rudraksh Enterprises.
- The amount of tax to be deducted at source under GST law by Governmental Agency of Gujarat is _____.
 - IGST - ₹ 25,000
 - CGST - ₹ 12,500 and SGST - ₹ 12,500
 - nil
 - IGST - ₹ 50,000
- The amount of tax to be collected at source by the company under the GST law during January is _____ (ignore bifurcation of CGST, SGST and IGST).
 - ₹ 50,000
 - ₹ 40,000
 - ₹ 37,500
 - ₹ 30,000
- What is the last date for issuance of invoice in relation to construction of road by the company for the last tranche of payment received?
 - 31st December
 - 15th January
 - 5th February
 - 20th February

ANSWERS TO MULTIPLE CHOICE QUESTIONS

MCQ No.	Most Appropriate Answer
1.	(c)
2.	(d)
3.	(c)
4.	(d)
5.	(b)

Question No 46:

Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

S.No	Particulars	Amount (₹)
(i)	Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments (Intra-State transaction)	1,40,000
(ii)	Outdoor catering services availed for a marketing event organised for his prospective customers (Intra-State transaction)	50,000
(iii)	Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognised qualification (Intra-State transaction)	1,00,000
(iv)	Legal services availed for official purpose from an advocate located in Gujarat (Inter-State transaction)	1,75,000
(v)	Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area (Intra-State transaction)	2,00,000
(vi)	Recovery agent's services provided to a car dealer (Intra-State transaction)	15,000
(vii)	General insurance taken on a car (seating capacity 5) used for official purposes (Intra-State transaction)	40,000

Note:

- I. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- II. All inward and outward supplies are exclusive of taxes, wherever applicable.
- III. All the conditions necessary for availing the ITC have been fulfilled.
- IV. The turnover of Mr. Prithviraj was ₹ 2.5 crore in the previous financial year.

Compute the net GST payable in cash, by Mr. Prithviraj for the month of February.

Computation of GST payable

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable under forward charge				
Carnatic music performance given to promote a brand of readymade garments [Carnatic music performance by Mr. Prithviraj is not exempt from GST even though the consideration charged does not exceed ₹ 1,50,000 since said performance has been made by him as a brand ambassador.]	1,40,000	12,600	12,600	Nil
Services of transportation of students provided to Subhaskar College [Services of transportation of students provided to an educational institution other than an institution providing pre- school education or education up to higher secondary school, are not exempt.]	1,00,000	9,000	9,000	Nil
Services provided to Wealth Bank as a business correspondent [Services provided by a business correspondent to a banking company are not exempt when such services are provided with respect to accounts in its urban area branch.]	2,00,000	18,000	18,000	Nil
Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are	15,000	1,350	1,350	Nil

being provided to a person other than banking company/financial institution/ non-banking financial company.]				
Total GST payable under forward charge (A)		40,950	40,950	Nil
GST payable under reverse charge				
Legal services availed from an advocate	1,75,000	Nil	Nil	31,500
[Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for registration (₹ 20 lakh) are not exempt and tax on the same is payable under reverse charge.]				
Total GST payable under reverse charge (B)		Nil	Nil	31,500
Total GST payable [(A)+(B)]		40,950	40,950	31,500

Computation of total ITC available

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Outdoor catering services availed [ITC on outdoor catering services is blocked except when such services are (i) used by the taxpayer who is in the same line of business or (ii) provided by the employer to its employees under a statutory obligation.]	50,000	Nil	Nil	Nil
Legal services availed [ITC is available as said services are used in course or furtherance of business.]	1,75,000	Nil	Nil	31,500
General insurance taken on a car (seating capacity 5) used for official purposes [ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.]	40,000	Nil	Nil	Nil
Total ITC available		Nil	Nil	31,500

Computation of Net GST payable in cash

Particulars	CGST @9% (₹)	SGST @9% (₹)	IGST @18% (₹)
GST payable under forward charge	40,950	40,950	Nil
Less: ITC of IGST ¹	(15,750)	(15,750)	-
	25,200	25,200	Nil
Add: GST payable under reverse charge in cash [Tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.]	Nil	Nil	31,500
Net GST payable in cash	25,200	25,200	31,500

Note: CGST and SGST is payable on the intra-State transaction and IGST is payable on the inter-State transactions

Question No 47:

Ajay limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January 2022:

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

Additional Information:

- All the amounts given above are exclusive of taxes.
- During the course of arranging and filing documents, the accountant of Ajay Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.2021 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2022. This invoice was issued by Mr. Mukesh of Patna, from whom Ajay Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra-State transaction)
- Rate of GST Applicable on various supplies are as follows:

Nature of Supply	CGST	SGST	IGST
Car Rental Service	2.5%	2.5%	5%
All other inward and outward supplies	9%	9%	18%

- No opening balance of Input tax credit exists as on the beginning of the month.
- Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in which Invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR 2B for the month of January 2022, since the suppliers had filed their GSTR-1.
- Subject to the information given above, conditions necessary for claiming ITC were complied with.

You are required to calculate the amount of net GST liability payable in cash by Ajay Limited for the month of January 2022. Brief notes for treatment given for each item should form part of your answer.

I. Statement showing computation of Gross GST payable:

Particulars	CGST	SGST	IGST
(i) Outward supplier to non related persons (Note-1)	4,00,000 9% =36,000	4,00,000 9% =36,000	1,00,000 18% =18,000
(ii) Services provided to SG of K.A (Note-2)	-	-	5,00,000 18% =90,000
(iii) Stock transfer (Note-3)	20,000 9% =1,800	20,000 9% =1,800	-
Gross GST under FCM	37,800	37,800	1,08,000
(iv) Inward supply under RCM (Note-4)	30,000 2.5% =750	30,000 2.5% =750	-
Gross GST payable	38,550	38,550	1,08,000

II. Statement showing computation of Input Tax Credit:

Particulars	CGST	SGST	IGST
Opening Balance	-	-	-
Inward supplies during the month (Note-5)	5,00,000 9% =45,000	5,00,000 9% =45,000	-
GST under RCM (Note-4)	750	750	
Total ITC	45,750	45,750	

III. Statement showing computation of net GST payable

Particulars	CGST	SGST	IGST
Gross GST under FCM (I)	37,800	37,800	1,08,000
(-) Input tax credit			-
CGST Credit utilized	(37,800)		(7,950)
SGST Credit utilized		(37,800)	(7,950)
GST under RCM, payable only through Electronic Cash ledger	750	750	
Net GST payable	750	750	92,100

Notes to above:

- As per Sec. 15(1) of CGST Act, 2017 in case of transactions between unrelated persons and where price is sole consideration, value of supply shall be transaction value. Market value is irrelevant in the present case.
- As per Sec. 11 read with Notification No. 12/2017, Services provided to Government w.r.to any training programme for which atleast 75% of total expenditure borne by Govt. is exempted. In the present case expenditure per student is ₹90,000, but Govt. has borne < 70% and the said service is not exempted.
- As per Sec. 7(1)(c) read with schedule I of CGST Act, 2017 transactions between distinct persons, even though without consideration constitutes supply. Also as per Sec.25 of CGST Act, 2017, multiple registrations of a person are treated as distinct persons. In the present case stock transfer to branch within the state having separate registration is treated as Supply u/s 7(1)(c).
- As per Sec. 9(3) read with Notification No. 13/2017, services by way of renting of motor vehicles by a person other than body corporate to a recipient who is a body corporate and rate of GST being 5% is taxable under RCM. In the present case, Ajay Ltd. receiving renting of motor vehicle services from Mr. Mukesh, on which Ajay Ltd. is liable to pay GST. Also, as the invoice was not recorded for the month of Dec 2021, the same is recognised in Jan 2022 and accordingly GST is payable using electronic cash Ledger. The same can be availed as ITC, in the month in which it is paid.

5. As per Sec. 16 read with Rule 36(4) of CGST Rules, 2017 ITC can be availed only w.r.to those invoices the details of which are filed by respective suppliers in GSTR-1 and made available to recipient in GSTR-2B. Also, as per Rule 48(5), any invoice issued by a person to whom e-invoicing is applicable, without invoice reference number (IRN), it is not a valid invoice & recipient cannot avail ITC on the basis of such invoice. Therefore, in the present case Ajay Ltd. cannot avail ITC w.r.to invoices valued ₹1,50,000, out of ₹6,50,000.

Question No 48:

Craftmodel Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. It is not engaged in renting of cars business. The company provided the following details for the month of January, 2024.

Sl. No.	Particulars			Amount in ₹
(i)	Outward supply of goods made during the month to various non-related persons:			As given in particulars column
		Particulars	Market value (₹)	
	a.	in the State of Bihar (Intra-State)	3,00,000	
	b.	to other States (Inter-State)	7,50,000	6,00,000
(ii)	The company pledged its 5% equity shares to the merchant banker for the purpose of proposed initial public offer.			
(iii)	Stock transfer of goods worth ₹ 58,000 without consideration to its branch at Gaya (Bihar). Branch has been declared as an additional place of business in the registration certificate.			
(iv)	Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices). Out of 30 invoices, details of 10 invoices amounting to ₹ 2,50,000 were not furnished by the suppliers in their GSTR-1s and resultantly, were not reflected in Craftmodel Limited's GSTR-2B.			12,00,000
(v)	Outward supply of services of milling of paddy into rice (Intra-State)			2,00,000
(vi)	Outward supply of services of giving trucks on hire to a Governmental authority (Intra-State)			1,50,000
(vii)	Amount paid to IIM Ahmedabad, Gujarat for providing 15 days' management training to 10 managers from 10th January. The IIM provided Participation Certificates at the end of the training program.			5,00,000
(viii)	Purchased air tickets for its employees from Patna to Guwahati, Assam airport in economy class. Total fare was ₹ 1,00,000, out of which basic fare was ₹ 80,000.			

Additional Information:

- (a) All the amounts given above are exclusive of taxes, wherever applicable.
- (b) During the course of arranging and filing documents, the Accountant of Craftmodel Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 2nd December, 2023 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January, 2024. This invoice was issued by Mr. Rahuketu of Patna, from whom Craftmodel Limited had taken cars on rental basis. Invoice included cost of fuel also.

(c) Regarding pledging of shares, the face value of shares is ₹ 5,00,000. The market value of shares is ₹ 8,00,000.

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

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

(e) No opening balance of input tax credit exists in the beginning of the relevant tax period.

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

You are required to calculate the amount of net GST liability payable in cash by Craftmodel Limited for the month of January, 2024.

Computation of net GST payable in cash by Craftmodel Ltd. for the month of January, 2024

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-State supply of goods made in the State of Bihar. [Value of supply is the transaction value of the goods.]	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	
Outward supply of goods made to other States. [Value of supply is the transaction value of the goods.]			1,08,000 [6,00,000 × 18%]
Pledging of 5% equity shares to the merchant banker [Supply includes supply of goods and services. Shares being securities are neither goods nor services. Thus, transfer of shares which is neither goods nor services is not a supply.]			Nil
Intra-State stock transfer to Gaya Branch with no separate registration. [Stock transfer between 2 units of a legal entity under single registration is not a deemed supply under GST and hence, the same is not liable to tax under GST since branch with same GSTIN is not a distinct person.]	-	-	
Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Thus, it is not eligible for exemption.]	18,000 (2,00,000 × 9%)	18,000 (2,00,000 × 9%)	
Services of giving trucks on hire to a Governmental authority [Services by way of giving motor vehicles on hire to a Governmental authority are taxable.]	13,500 (1,50,000 × 9%)	13,500 (1,50,000 × 9%)	
Total output tax	67,500	67,500	1,08,000
Less: Input Tax Credit [Refer Working Note below] IGST credit should first be utilized towards payment of IGST.			
ITC of CGST should be utilized for payment of CGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST	(67,500) (CGST)		(18,000) (CGST)
ITC of SGST should be utilized for payment of SGST and IGST in that order. However, ITC of SGST should be utilized for payment of IGST, only after			

ITC of CGST has been utilized fully. ITC of SGST cannot be utilized for payment of CGST.			
Minimum Net GST payable in cash	Nil	Nil	Nil
ITC balance to be carried forward next month	-	18,000	-

Working Note:

Computation of ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State inward supply of services used in the course of business. [ITC cannot be availed by a registered person in respect of invoices, the details of which have not been furnished by the supplier in GSTR-1.]	85,500 (9,50,000 × 9%)	85,500 (9,50,000 × 9%)	-
Training course organized by IIM, Gujarat. [Not exempt. Short duration programmes offered by IIMs for which participation certificate is awarded are not 'qualification recognized by law'. ITC is available in respect of supply of services which are used in the course or furtherance of his business. Further, the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Patna (Bihar). Further, where the location of the supplier and the place of supply are in two different States, it shall be treated as inter-State supply of services.]	-	-	90,000 (5,00,000 × 18%)
Air tickets from Patna to Guwahati. [Transport of passengers by air terminating in an airport located in Assam is exempt from GST as said transportation is in economy class.]			
Cars taken on rental basis from Mr. Rahuketu. [Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and CGST/SGST is charged @ 2.5% each, is payable under reverse charge. Time of supply of such services is 1st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, 2024, tax	-	-	-

liability on the same does not arise in said month. Further, ITC on renting of motor car services received is blocked since the recipient - Craftmodel Ltd. is not in the same line of business]			
Total ITC available	85,500	85,500	90,000

Question No 49:

Surya is engaged in providing a bouquet of goods and services including services of renting of cars. It is registered in Jaipur, Rajasthan. It provides the following information for the month of January:

S. No.	Particulars	Amount (₹)
(i)	Organised a business exhibition in Gujarat for Jignesh Industries, registered in Surat, Gujarat	20,00,000
(ii)	Provided accommodation services to 10 CA students (originally from outside Rajasthan) in a hostel - Surya Homes, owned by it. Surya Homes is located in Jaipur, Rajasthan. [Hostel accommodation charges are ₹ 22,000 per student per month. As per agreement, minimum period of stay of the students in hostel is 4 months.]	2,20,000
(iii)	Performed the Carnatic music to promote a brand of readymade garments - Rigley Garments, registered in Udaipur, Rajasthan.	1,45,000
(iv)	Intra-State services provided as a business correspondent of Manimani Bank, registered in Rajasthan, with respect to accounts in its Jaipur city branch.	1,20,000
(v)	Rented a commercial property in Jaipur, Rajasthan to Ganga Ltd., a supplier of goods and services registered in Jodhpur, Rajasthan. Surya is a director in Ganga Ltd.	3,00,000
(vi)	Sponsored a Business Summit organized in Bikaner, Rajasthan, by Associated Chamber of Commerce and paid a sponsorship fee of ₹ 5,00,000 to Associated Chamber of Commerce, registered in Jaipur, Rajasthan. (not a body corporate)	
(vii)	Received the services of transportation of goods by road from Sindhu Transporters, an unregistered Goods Transport Agency of Jodhpur, Rajasthan.	2,00,000
(viii)	Taken cars on rental basis from Ajay Limited, registered in Jodhpur, Rajasthan.	2,00,000

Notes:

- 1,50,000 Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services except the car rental service and service of transportation of goods by GTA, on which the rates of CGST, SGST and IGST are 2.5%, 2.5% and 5% respectively.
- All the amounts given above are exclusive of taxes, wherever applicable.
- There was no opening balance of the ITC for the relevant period.

From the information given above, you are required to compute the minimum net GST liability payable in cash (CGST, SGST or IGST, as the case may be) for the month of January for Surya.

Computation of minimum net GST payable in cash for the month of January by Surya

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				

Business SGST (₹) exhibition organized for Jignesh Industries [Taxable since services by an organiser to any person in respect of a business exhibition are exempt only when such exhibition is held outside India. Further, it is an inter State supply since place of supply of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to an exhibition is location of recipient, i.e. Gujarat.]	20,00,000	-	-	3,60,000 [20,00,000 × 18%]
Provided accommodation services to CA students in hostel [Supply of accommodation services having value of supply upto ₹ 20,000 per person per month are exempt provided that the accommodation service is supplied for a minimum continuous period of 90 days. Since in the given case, hostel accommodation charges per student per month exceed ₹ 20,000, said services are taxable. Further, it is an intra State supply since the place of supply of services in relation to immovable property is the location of immovable property, i.e. Rajasthan.]	2,20,000	19,800 [2,20,000 × 9%]	19,800 [2,20,000 × 9%]	-
Carnatic music performance [Classical musical performance by the artist -Surya is not exempt even though consideration charged for such performance does not exceed ₹ 1,50,000 since he has performed as a brand ambassador. Further, it is an intra State supply since the place of supply is location of recipient, i.e. Rajasthan.]	1,45,000	13,050 [1,45,000 × 9%]	13,050 [1,45,000 × 9%]	-
Business correspondent services provided [Taxable since services provided in the capacity of a business correspondent to a banking company are exempt only when said services are provided with respect to accounts in its rural area branch.]	1,20,000	10,800 [1,20,000 × 9%]	10,800 [1,20,000 × 9%]	-
Renting of commercial property to Ganga Ltd. [Taxable since renting of only residential dwelling for use as residence is exempt. Further, since services are being provided by director of the company in his personal capacity and supplier of services of renting of commercial property is a registered person, tax is payable under forward	3,00,000	27,000 [3,00,000 × 9%]	27,000 [3,00,000 × 9%]	-

charge. Moreover, it is an intra State supply since the place of supply of services in relation to immovable property is the location of immovable property, i.e. Rajasthan.]				
Total output tax liability (A)		70,650	70,650	3,60,000
Less: ITC available				
Business Summit sponsored [Since recipient of sponsorship services is an individual (Surya), tax is not payable under reverse charge. It is an intra-State supply since place of supply of sponsorship services is location of recipient, i.e. Rajasthan. Further, ITC is available on said service since it is used in course or furtherance of business.]	5,00,000	45,000 [5,00,000 × 9%]	45,000 [5,00,000 × 9%]	-
Services of transportation of goods received from unregistered GTA [It is intra-State supply since the place of supply of services by way of transportation of goods provided to a registered recipient is location of such recipient, i.e., Rajasthan. Moreover, ITC is available on said service since it is used in course or furtherance of business.]	2,00,000	5,000 [2,00,000 × 2.5%]	5,000 [2,00,000 × 2.5%]	-
Taken cars on rental basis from Ajay Limited. [Tax is not payable under reverse charge since the recipient, Surya is not a body corporate and supplier - Ajay Limited is a body corporate. It is an intra-State supply since place of supply of car rental services is location of recipient, i.e. Rajasthan. Further, ITC is available on said service since it is used in course or furtherance of business.]	1,50,000	3,750 [1,50,000 × 2.5%]	3,750 [1,50,000 × 2.5%]	-
Total ITC available (B)		53,750	53,750	Nil
Net GST (A)-(B) [ITC of CGST and SGST has been utilized for payment of CGST and SGST liability respectively.]		16,900	16,900	3,60,000
GST payable under reverse charge				
Services of transportation of goods received from unregistered GTA [Since GTA is unregistered, it has not exercised the option to pay tax itself; thus, tax on Services of transportation of goods being provide to a registered person is payable under reverse charge by Surya @ 2.5% each under CGST and SGST.]	2,00,000	5,000 [2,00,000 × 2.5%]	5,000 [2,00,000 × 2.5%]	
Total net GST payable in cash		21,900	21,900	3,60,000

Question No 50:

Mr. Sagar Chaturvedi, registered under GST, is engaged in supplying multiple services (as discussed in the table below) in Mumbai, Maharashtra. He has furnished the following information with respect to the services supplied and received by him, during the month of April:

S. No.	Particulars	Amount (₹)
(i)	Services of transportation of students provided to Sanskar College offering the degree courses recognized by law.	90,000
(ii)	Outward supply of services of milling of paddy into rice	1,80,000
(iii)	Received the services by way of transportation of goods by road from Sindhu Transporters, an unregistered Goods Transport Agency of Nagpur, Maharashtra.	2,00,000
(iv)	Organized a business exhibition in Gujarat for Ramesh Industries, registered in Delhi.	20,00,000
(v)	Provided training to employees of Aashiyana Interiors, a proprietorship concern of Rajasthan, which was not registered under GST	1,00,000
(vi)	Recovery agent's services provided to a car dealer	30,000
(vii)	Legal services availed for official purpose from an individual advocate located in Gujarat	1,60,000
(ix)	Sponsored his business in a Cricket Match, organized by Mumbai Cricket Association, Maharashtra wherein he paid an amount of ₹ 1,50,000 to the association.	

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of services except the service of transportation of goods by GTA, on which the rates of CGST, SGST and IGST are 2.5%, 2.5% and 5% respectively.
- All inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled.
- The turnover of Sagar was ₹ 1.8 crore in the previous financial year.
- All the above mentioned supplies are intra-state, wherever the information for determining the place of supply is not provided.

Computation of GST payable

Particulars	Value of supply (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Services of transportation of students provided to Sanskar College [Services of transportation of students provided to an educational institution other than an institution providing pre-school education or education up to higher secondary school or equivalent, are not exempt.]	90,000	8,100 [90,000 × 9%]	8,100 [90,000 × 9%]	Nil
Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or	1,80,000	16,200 [1,80,000 × 9%]	16,200 [1,80,000 × 9%]	Nil

other similar products or agricultural produce. Thus, it is not eligible for exemption.]				
Business exhibition organized for Ramesh Industries [Taxable since services by an organizer to any person in respect of a business exhibition are exempt only when such exhibition is held outside India. Further, it is an inter-State supply since the place of supply of services by way of organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to an exhibition in case of a registered recipient is location of such recipient, i.e. Delhi.]	20,00,000	Nil	Nil	3,60,000 [20,00,000 × 18%]
Training to employees of Aashiyana Interiors. [Taxable. Further, the place of supply of services in relation to training and performance appraisal provided to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Mumbai. Hence, it is an Intra-State supply.]	1,00,000	9,000 [1,00,000 × 9%]	9,000 [1,00,000 × 9%]	Nil
Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/financial institution/ non-banking financial company.]	30,000	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]	Nil
Total GST payable under forward charge (A)		36,000	36,000	3,60,000
GST payable under reverse charge				
Services of transportation of goods received from unregistered GTA [It is intra-State supply since the place of supply of services by way of transportation of goods provided to a registered recipient is location of such recipient, i.e., Maharashtra.]	2,00,000	5,000 [2,00,000 × 2.5%]	5,000 [2,00,000 × 2.5%]	Nil
Legal services availed from an advocate [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for	1,60,000	Nil	Nil	28,000 [1,60,000 × 18%]

registration (₹ 20 lakh) are not exempt and tax on the same is payable under reverse charge. Further, place of supply of services provided to a registered person is the location of such person. Thus, place of supply is Mumbai. Resultantly, same is an inter-State supply as supplier is located in Gujarat.]				
Total GST payable under reverse charge (B)		5,000	5,000	28,000

Computation of total ITC available

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Services of transportation of goods received from unregistered GTA [ITC is available on said service since it is used in course or furtherance of business.]	2,00,000	5,000 [2,00,000 × 2.5%]	5,000 [2,00,000 × 2.5%]	Nil
ITC on sponsorship services (It is an intra-State supply, since place of supply is Mumbai, Maharashtra, being the location of recipient. ITC is available on services used in the course or furtherance of business.)	1,50,000	13,500 [1,50,000 × 9%]	13,500 [1,50,000 × 9%]	Nil
Legal services availed from an advocate [ITC is available on services used in the course or furtherance of business.]	1,60,000	Nil	Nil	28,000 [1,60,000 × 18%]
Total ITC available		18,500	18,500	28,000

Computation of net GST payable in cash

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable under forward charge	36,000	36,000	3,60,000
Less: ITC	18,500	18,500	28,000
	17,500	17,500	3,32,000
Add: GST payable under reverse charge in cash	5,000	5,000	5,000
[Tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.]			
Net GST payable in cash	22,500	22,500	3,60,000