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Chapter I : Basics of GST

Problem 1

A makes intra-State supply of goods valued at Rs. 50,000 to B within State of Karnataka. B makes inter-State supply to X Ltd. (located in Telangana) after adding 10% as its margin. Thereafter, X Ltd. sells it to Y in Telangana (Intra-State sale) after adding 10% as his margin.

Assume that the rate of GST chargeable is 18% (CGST 9% plus SGST 9%) and IGST chargeable is 18%. Calculate tax payable at each stage of the transactions detailed above. Wherever input tax credit is available and can be utilized, calculate the net tax payable in cash. At each stage of the transaction, indicate which Government will receive the tax paid and to what extent.

Answer

Intra-State supply of goods by A to B

Particulars	Rs
Value charged for supply of goods	50,000
Add: CGST @ 9%	4,500
Add: SGST @ 9%	4,500
Total price charged by A from B	59,000

A is the first stage supplier of goods and hence, does not have credit of CGST, SGST or IGST. Thus, the entire CGST (Rs. 4,500) & SGST (Rs. 4,500) charged will be paid in cash by A to the Central Government and Karnataka Government respectively.

Inter-State supply of goods by B to X Ltd. – Margin @ 10%

Particulars	Rs
Value charged for supply of goods (Rs. 50,000 x 110%)	55,000
Add: IGST @ 18%	9,900
Total price charged by B from X Ltd.	64,900

Computation of IGST payable by B to Central Government in cash

Particulars	Rs
IGST payable	9,900
Less: Credit of CGST	4,500
Less: Credit of SGST	<u>4,500</u>
IGST payable to Central Government in cash	900

Credit of CGST and SGST can be used to pay IGST [Section 49(5) of the CGST Act, 2017]. Karnataka Government will transfer SGST credit of Rs. 4,500 utilised in the payment of IGST to the Central Government.

Intra-State supply of goods by X Ltd. to Y

Particulars	Rs
Value charged for supply of goods (Rs. 55,000 x 110%)	60,500
Add: CGST @ 9%	5,445
Add: SGST @ 9%	<u>5,445</u>
Total price charged by X Ltd. from Y	71,390

Computation of CGST and SGST payable by X Ltd in cash

Particulars	Rs
CGST payable	5,445
Less: Credit of IGST	<u>5,445</u>
CGST payable to Central Government in cash	<u>Nil</u>
SGST payable	5,445
Less: Credit of IGST [Rs. 9,900 – Rs. 5,445]	<u>4,455</u>
SGST payable to Telangana Government in cash	<u>990</u>

Credit of IGST can be used to pay IGST, CGST and SGST in that order. Central Government will transfer IGST of Rs 4,455 utilised in the payment of SGST to Telangana Government

Problem 2

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

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

Compute the net GST payable by Tirupati Traders assuming that tax rate is 18%.

Answer**Computation of net GST payable**

Particular	CGST (RsRs.)	SGST (Rs)
GST payable on intra-State supply of goods	1,080 (Rs.12,000 × 9%)	1,080 (Rs.12,000 × 9%)
Less: ITC on intra-State purchase of goods	900 (Rs.10,000 × 9%)	900 (Rs.10,000 × 9%)
Net GST payable	180	180

Problem 3

Govind, a registered supplier, is engaged in providing services in the neighbouring States from his registered office located in Mumbai. He has furnished the following details in respect of the inward and outward supplies made during a tax period:

Particulars	Rs
Inter-State supply of services	1,80,000
Receipt of goods and services within the State	1,00,000

Assume the rates of taxes to be 18%.

Answer

Computation of net GST payable by Govind

Particulars	Rs
IGST @ 18% payable on inter-State supply of services [Being an inter-State supply, IGST is payable]	32,400 [1,80,000 × 18%]
Less: ITC of CGST @ 9% paid on intra-State receipt of goods and services [Cross utilisation of CGST towards IGST]	9,000 [1,00,000 × 9%]
Less: ITC of SGST @ 9% paid on intra-State receipt of goods and services [Cross utilisation of SGST towards IGST]	<u>9,000</u> [1,00,000 × 9%]
Net GST payable in cash	14,400

Problem 4

Shipra Traders is a registered supplier of goods in Assam. It purchased goods valued at Rs. 10,000 from Kartik Suppliers located within the same State. Kartik Suppliers charged CGST & SGST separately in its invoice. Subsequently, Shipra Traders sold goods valuing Rs. 9,500 to Rabina Manufacturers located in Assam. 20% of the inputs purchased are still lying in stock and there was no opening stock of goods. Rate of CGST and SGST on supply and purchase of goods is 9% each. Calculate the net GST payable by Shipra Traders and input tax credit (ITC) to be carried forward, if any.

Answer

Computation of net GST payable by Shipra Traders

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)
GST payable on intra-State supply of goods [Being an intra-State supply, CGST and SGST is payable on the same]	855 [9,500 × 9%]	855 [9,500 × 9%]
Less: ITC on intra-State purchase of goods [ITC of CGST and SGST paid on intra-State purchase is available in full, even if some inputs are lying in stock]	900 [10,000 × 9%]	900 [10,000 × 9%]
Net GST payable	Nil	Nil
Input tax credit carried forward in Electronic Credit Ledger	45	45

Multiple Choice Questions

1. Which types of duties levied by Government of India (GOI) and collected by States/Union Territory

(a) Stamp Duty and Duties of Excise on medical and toilet preparation	(b) Excise Duty
(c) Custom Duty	(d) All of the above

Answer (a)

2. Which types of duties subsumed into GST to be levied by Centre or States.

(a) Stamp Duty	(b) Duties of Excise on medical and toilet preparation
(c) Property Tax	(d) Basic Custom Duty

Answer (b)

3. Stamp Duty and Duties of Excise on medical and toilet preparation as mentioned in the union list shall be levied by GOI but collected by _____

Govt.

(a) Central Govt	(b) States Govt
(c) Union Territory	(d) b and c

Answer (d)

4. Article _____ was inserted by constitution (88th) Amendment act, 2003 to usher in Service Tax.

(a) 268	(b) 268A
(c) 269A	(d) 270

Answer (b)