

FINAL COURSE

PAPER : 8

Indirect Tax Laws

[Relevant for May, 2021 & November, 2021 Examinations]

BOOKLET ON MCQs & CASE SCENARIOS



BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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Preface

In certain core papers at the Intermediate and Final levels, the question paper has a dedicated section for 30 marks for objective type questions in the form of MCQs, comprising of both independent MCQs and case scenario based MCQs. These MCQs for 30 marks would be compulsory and there would be no internal or external choice available in respect of such questions. Each MCQ would have four options out of which you have to choose the one correct option.

The Board of Studies, in its endeavour to assist students in their learning process, has come out with a MCQ booklet in the above core papers. This booklet on Final (New) Paper 8: Indirect Tax Laws comprises of 100 independent MCQs and 30 case scenarios.

Case scenario based MCQs are all application-oriented and arise from the facts of the case. You need to apply the relevant provisions of indirect tax laws to the facts of the case to choose the correct option. The independent MCQs may be application-oriented or knowledge-based. Since Final (New) Paper 8: Indirect Tax Laws is largely application-oriented, the independent MCQs in this subject would be largely application-oriented.

The independent MCQs and case scenario based MCQs pertaining to Part-I: Goods and Services Tax have to be answered on the basis of the provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance (No. 2) Act, 2019 and the Finance Act, 2020, which have become effective up to 31.10.2020, including significant circulars and notifications issued up to 31.10.2020. The independent MCQs pertaining to Part-II: Customs and FTP have to be answered on the basis of the provisions of the customs law as amended by the Finance Act, 2020, including significant notifications and circulars issued and other legislative amendments made up to 31.10.2020.

This booklet relating to Final (New) Paper 8: Indirect Tax Laws is relevant for May 2021 and November 2021 examinations. Please note that before working out the independent MCQs and case scenario based MCQs in this booklet, you have to be thorough with the concepts and provisions of indirect tax laws discussed in the November, 2020 edition of the Study Material, which is based on the provisions of the indirect tax laws as amended up to 31.10.2020. Further, the students appearing in November 2021 examinations also need to

go through the Statutory Update (containing significant notifications, circulars and other legislative amendments between 01.11.2020 and 30.04.2021) which will be web-hosted at the BoS Knowledge Portal.

After attaining conceptual clarity by reading the Study Material, you are expected to apply the concepts and provisions learnt in answering the independent and case scenario based MCQs given in this booklet. You have to read the case scenario and MCQs, identify the provisions of indirect tax laws involved, apply the provisions correctly in addressing the issue raised/making the computation required in the MCQ, and finally, choose the correct answer. This process of learning concepts and provisions in indirect tax laws and solving independent and case scenario based MCQs based thereon will help in enhancing your conceptual clarity and honing your application and analytical skills so that you are able to approach the examination with confidence and a positive attitude.

It may be noted that this booklet is also relevant for Final (Old) Paper 8: Indirect Tax Laws.

Wishing you happy reading!

MULTIPLE CHOICE QUESTIONS

1. Aircool Ltd., a supplier of air conditioners, is registered under GST in the State of Maharashtra. It has a policy to gift an air conditioner to its employees [residing in Gujarat] at the end of financial year in terms of the employment contract. The company installs such air conditioners at the residence of the employees.

During the month of March, the company installed 150 air conditioners at the residence of these employees. The total open market value of such air conditioners is ₹ 52.50 lakh (excluding GST). The tax rate on such air conditioners is 28% (14% CGST, 14% SGST and 28% IGST).

Compute the GST liability of Aircool Ltd., if any.

- (a) ₹ 7,35,000 - CGST, ₹ 7,35,000 - SGST
 - (b) ₹ 14,70,000 - IGST
 - (c) Nil
 - (d) ₹ 7,35,000 - IGST
2. Mr. James Stewart is a registered person under GST in the State of Maharashtra who sells footwear to his customers locally within the same State. He has been appointed as an agent by Toto Shoes Ltd., a company registered under GST in the State of Karnataka. During a financial year, Toto Shoes Ltd., sends taxable goods worth ₹ 5.00 crore from its Bengaluru store to Mr. James Stewart who sells such goods for ₹ 5.00 crore by raising invoices using the GSTIN of Toto Shoes Ltd. Mr. James Stewart receives a commission of ₹ 60.00 lakh from Toto Shoes (P) Ltd., during the said financial year.

Compute the value of supply of Toto Shoes (P) Ltd. and Mr. James Stewart for the financial year assuming that amounts given above are exclusive of GST, wherever applicable.

- (a) Toto Shoes (P) Ltd.: Nil and James Stewart: ₹ 5.6 crore
- (b) Toto Shoes (P) Ltd.: ₹ 5 crore and James Stewart: ₹ 5.6 crore

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- (c) Toto Shoes (P) Ltd.: ₹ 5 crore and James Stewart: ₹ 60 lakh
- (d) Toto Shoes (P) Ltd.: ₹ 5.6 crore and James Stewart: Nil
3. Which of the following persons can opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017?
- 1 Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh.
 - 2 Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore.
 - 3 A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes.
 - 4 A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa.
 - 5 A person engaged exclusively in providing restaurant service.
 - 6 A person engaged exclusively in supply of medicines.
- (a) 1, 2, 3, 5
- (b) 1, 2, 5, 6
- (c) 2, 3, 4, 5
- (d) 3, 4, 5, 6
4. State which of the following statements is incorrect:
- (i) An agent, supplying taxable goods on behalf of principal where invoice is issued in the name of principal, is required to get compulsorily registered under GST.
 - (ii) Persons who are required to deduct tax under section 51 of the CGST Act, 2017, whether or not separately registered under CGST Act, are compulsory required to get registered under GST without any threshold limit.
 - (iii) Every person supplying online information and database access or retrieval services from a place outside India to a registered

person in India is compulsory required to get registered under GST without any threshold limit.

(iv) Persons who supply services, other than supplies specified under sub-section (5) of section 9 of the CGST Act, 2017, through such electronic commerce operator who is required to collect tax at source under section 52 of the CGST Act, 2017 are compulsory required to get registered under GST without any threshold limit.

- (a) (i), (ii)
- (b) (iii), (iv)
- (c) (i), (iii), (iv)
- (d) (i), (ii), (iii) and (iv)

5. Mr. Lal, a registered person under GST, was the proprietor of M/s. Spiceton Restaurant.

He died and left behind his wife and son on 15th August.

His son – Mr. Pal - wants to continue the business of the deceased father.

The GST consultant of M/s. Spiceton Restaurant gives advice to Mr. Pal as to how he can continue the business of his deceased father.

Which of the following options is correct in accordance with the provisions of GST law?

- (a) Mr. Pal should get himself registered under GST in the name and style M/s. Spiceton Restaurant under his own PAN and file Form GST ITC 02.
- (b) Mr. Pal can get the authorized signatory changed by approaching to the Proper Officer and can continue the same business.
- (c) Mr. Pal should close the old firm and start new business under different name.
- (d) Mr. Pal should do the business with his mother as the new proprietor of the M/s. Spiceton Restaurant, and Mr. Pal should act as a Manager.

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6. M/s. Raman Plastics is a manufacturer of plastic toys. It is registered under GST in Shimla, Himachal Pradesh.

It procures its raw materials from Punjab. During the month of April 2020, it purchased material of ₹ 35.00 lakh and paid IGST thereon amounting to ₹ 6.30 lakh. It supplied 30% of its production in the State of Jammu and Kashmir, whereas the 70% of its production was supplied taxable @ 0.1% to a merchant exporter during the month of April 2020.

The returns for the month of April 2020 were duly filed in time, i.e. within the due date of 20th May, 2020. The last date upto which the taxpayer can claim refund of input tax credit on account of inverted duty structure is:

- (a) 20th April, 2022
 - (b) 20th May, 2022
 - (c) 31st March, 2023
 - (d) 20th April, 2021
7. Jolly Electronics (P) Ltd., an authorized dealer of GG Micro Ltd., is located and registered under GST in Lucknow, Uttar Pradesh. It has sold following items to Mr. Rakesh (a consumer):

Product	Amount (₹)
Refrigerator (500 litres) taxable @ 18%	40,000
Stabilizer for refrigerator taxable @ 12%	5,000
LED television (42 inches) taxable @ 12%	30,000
Split air conditioner (2 Tons) taxable @ 28%	35,000
Stabilizer for air conditioner taxable @12%.	5,000
Total value	1,15,000

Jolly Electronics (P) Ltd. has given a single invoice indicating price of each item separately to Mr. Rakesh. Mr. Rakesh has given a single cheque of ₹ 1,00,000 for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

- (a) Composite supply; highest tax rate applicable to split air conditioner, i.e. 28%
 - (b) Mixed supply; highest tax rate applicable to split air conditioner, i.e. 28%
 - (c) Supply other than composite and mixed supply; highest tax rate applicable to split air conditioner, i.e., 28%
 - (d) Supply other than composite and mixed supply; respective tax rate applicable to each item
8. Radhika Travels (P) Ltd. purchased a bus chassis from Jyoti Motors Ltd. for a consideration of ₹ 80.00 lakh on 1st August. Radhika Travels (P) Ltd. sent the bus chassis for body building to M/s. Hanumant Fabricators and paid in advance the total consideration of ₹ 25.00 lakh on 10th August. M/s. Hanumant Fabricators, after completing the bus body, informed Radhika Travels (P) Ltd., for inspection of the work done on 1st September. Radhika Travels (P) Ltd. visited the workshop of M/s. Hanumant Fabricators on 7th September and confirmed that the bus body was in accordance with the terms of the contract. Hanumant Fabricators raised an invoice of ₹ 25.00 lakh on 15th September and supplied chassis along with the bus body so constructed, along with the invoice on 16th September. State the time of supply in this case for supply made by M/s Hanumant Fabricators, out of the choices given below-
- (a) 10th August
 - (b) 7th September
 - (c) 15th September
 - (d) 16th September
9. Banke Bihari (Pedewala) owns a famous sweets shop located and registered under GST in Mathura, Uttar Pradesh. He received an order for 200 kg of sweets on 2nd May from Ghoomghoom Travels (P) Ltd., located in same locality of Mathura and registered under GST, for a total consideration of ₹ 1,00,000. Complete order of sweets was delivered to Ghoomghoom Travels (P) Ltd. on 5th May but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the

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invoice was raised for the same on 6th May, when the accountant joined the office after leave. Payment in full was made on 7th May.

Determine the time of supply of goods in this case.

- (a) 2nd May
- (b) 5th May
- (c) 6th May
- (d) 7th May

10. M/s. Dhoom Furniture Mart, located and registered under GST in the State of Chhattisgarh, sells furniture from its showroom to M/s. Lucky Dhaba (located and registered under GST in the State of Jharkhand). M/s. Lucky Dhaba requested to deliver the furniture to Mr. Pyare Lal (his landlord) at his new rented home at Patna, Bihar. M/s. Dhoom Furniture Mart sends the furniture with a proper e-way bill to Patna through a transporter who made the delivery to Mr. Pyare Lal.

Determine the place of supply of furniture sold by M/s. Dhoom Furniture Mart to M/s. Lucky Dhaba in the above case.

- (a) Chhattisgarh
 - (b) Jharkhand
 - (c) Bihar
 - (d) Either Jharkhand or Bihar, at the option of the recipient
11. M/s. Buildwell Engineering Consultants, located and registered under GST in Gurugram, Haryana, provided architectural services to Taj India Ltd., located and registered under GST in Mumbai, Maharashtra, for its hotel to be constructed on land situated in Dubai.

Determine the place of supply of architectural services provided by M/s. Buildwell Engineering Consultants to Taj India Ltd.:

- (a) Gurugram, Haryana
- (b) Mumbai, Maharashtra
- (c) Dubai
- (d) Either Maharashtra or Dubai, at the option of the recipient

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

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

- (a) Haryana
 - (b) Delhi
 - (c) Rajasthan
 - (d) Uttar Pradesh
13. Mr. Javed, an unregistered person residing in Hisar, Haryana, went to Delhi for seeking admission of his child - Mr. Arjun - in CA IPCC. Mr. Javed got the demand draft generated at ICIDI Bank Ltd., registered under GST in Sahibabad, Uttar Pradesh against cash, for depositing the registration fee to the ICAI.

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

Determine the place of supply of service provided by ICIDI Bank Ltd., Delhi to Mr. Javed.

- (a) Delhi
 - (b) Uttar Pradesh
 - (c) Either Delhi or Uttar Pradesh, at the option of the recipient
 - (d) Haryana
14. Which of the following statements is correct while issuing a tax invoice?
- (i) Place of supply in case of inter-State supply is not required to be mentioned.

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- (ii) A registered person whose annual turnover is greater than ₹ 5 crores in the preceding financial year is not required to mention HSN code for goods or services, supplied by it to a registered person.
 - (iii) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis".
 - (iv) Description of goods is not required to be given in case of mixed supply of goods.
 - (a) (ii), (iii)
 - (b) (i), (ii), (iii)
 - (c) None of the above
 - (d) (i), (iii), (iv)
15. What will be the rate of tax and nature of supply of a service if the same is not determinable at the time of receipt of advance?
- (a) 12%, inter-State supply
 - (b) 12%, intra-State supply
 - (c) 18%, inter-State supply
 - (b) 18%, intra-State supply
16. Which of the following activity is liable to GST?
- (i) Supply of food by a hospital to patients (not admitted) or their attendants or visitors
 - (ii) Transportation of passengers by non-air-conditioned railways
 - (iii) Services by a brand ambassador by way of folk-dance performance where consideration charged is ₹ 1,40,000
 - (iv) Transportation of agriculture produce by air from one place to another place in India
 - (v) Services by way of loading, unloading, packing, storage or warehousing of rice

- (vi) Service provided by GTA where consideration charged for transportation of goods for a single carriage is ₹ 900
 - (a) (i), (v), (vi)
 - (b) (iii), (iv), (v)
 - (c) (i), (iii), (iv)
 - (d) (iv), (v)
17. In which of the following cases, compounding of offence is not allowed under section 138 of the CGST Act, 2017?
- (i) A person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f) of section 132(1) of the CGST Act, 2017
 - (ii) A person who has been convicted for an offence under GST law by a Court
 - (iii) A person who has been accused of committing an offence under GST law which is also an offence under any other law for the time being in force
 - (a) (i), (ii)
 - (b) (i), (iii)
 - (c) (ii), (iii)
 - (d) (i), (ii), (iii)
18. For which of the following acts done by a taxable person, inspection can be ordered under GST law?
- (i) Suppression of any transaction of supply of goods or services
 - (ii) Suppression of stock of goods in hand
 - (iii) Contravention of any of the provisions of the GST law to evade tax
 - (a) (i), (ii)
 - (b) (i), (iii)
 - (c) (ii), (iii)

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- (d) (i), (ii), (iii)
19. The time-limit for issuance of order of best judgment assessment is:
- (a) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 - (b) 4 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 - (c) 3 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 - (d) None of the above
20. Mohandas has supplied goods to Karamchand, under his own invoice, on behalf of his principal Krishnadev. Which of the following statements is correct?
- (a) Mohandas shall be jointly and severally liable to pay the GST payable on such goods.
 - (b) Krishnadev shall be jointly and severally liable to pay the GST payable on such goods.
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
21. Which of the following activities are not exempt from GST?
- (i) Religious pilgrimage organised by Todarmal Charitable Trust.
 - (ii) Services provided by a business facilitator to an insurance company in an urban area
 - (iii) Milling of paddy into rice.
- (a) (i), (ii)
 - (b) (i), (iii)
 - (c) (ii), (iii)
 - (d) (i), (ii), (iii)

22. Which of the following statements are true?
1. Services provided by Government ITIs to individual trainees are exempt from GST.
 2. Services provided by the State Governments and Private Service Providers by way of transportation of patients in ambulance are exempt from GST.
 3. Services of renting of shops in a hospital are exempt from GST being health care services.
 4. Services provided by police to PSUs are taxable.
- (a) 1., 2. & 4.
(b) 2., 3. & 4.
(c) 3. & 4.
(d) 1., 2., 3. & 4.
23. Which of the following transactions does not qualify as supply under GST law?
- (a) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
 - (b) When a principal makes supplies to his agent who is also registered under GST and is situated within the same State and the invoice for further supply is issued by the agent in his name.
 - (c) When the Head Office makes a supply of services to its own branch outside the State.
 - (d) When a person imports services without consideration for the purposes of his business from his elder son living outside India.
24. Korelal Printon (P) Ltd., a registered person under GST in the State of Jammu & Kashmir, is engaged in the business of offset printing and is providing services to various book publishers. A publisher situated in the State of Himachal Pradesh, a registered person under GST, sent content of the books to be printed by Korelal Printon (P) Ltd. in PDF format. The publisher also sent paper worth ₹ 4.00 lakh (excluding GST) to the printer, free of cost for the purposes of printing its books on

10th February. Korelal Printon (P) Ltd. raised an invoice of ₹ 1.50 lakh (excluding GST) against printing of books and returned the printed books through challan to the publisher on 20th August.

The Proper Officer intercepted the vehicle and claimed that Korelal Printon (P) Ltd. should have sent the invoice of ₹ 5.50 lakh, i.e. including the value of free of cost paper supplied by the publisher.

You may suitably advise which one of the following is the correct option-

- (a) The value of supply of paper for job work is to be included in the invoice in terms of section 15 of the CGST Act, 2017.
 - (b) The goods sent for job work i.e. paper sent for printing is a composite supply
 - (c) Korelal Printon (P) Ltd. has entered into an agreement of printing books. Therefore, he is liable to pay tax on the gross value of ₹ 5.50 lakh.
 - (d) Korelal Printon (P) Ltd. has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 lakh.
25. Palliwal Associates, a firm of Chartered Accountants registered under GST, located in Jaipur, Rajasthan is providing professional consultancy services to its various clients.

It has taken consultancy services for its business from another establishment of its firm in UK. However, it has not paid any consideration for the same.

Such services would have been taxable @ 18% (CGST @ 9%, SGST @ 9% and IGST @ 18%), had the same been received in India. Further, Palliwal Associates would have paid ₹ 4.00 lakh, had it not received the said services from its UK establishment.

Determine the GST liability of Palliwal Associates.

- (a) IGST - ₹ 72,000
- (b) CGST - ₹ 36,000 & SGST - ₹ 36,000, since place of supply is in India

- (c) Nil, since no foreign exchange was paid.
- (d) Nil, since such services are exempt.
26. In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted? The amounts given below are inclusive of GST @ 18%, wherever applicable. Assume that all other conditions for deduction of TDS are fulfilled.
- (i) Health Department executed a contract with a local supplier to supply "medical grade oxygen" of ₹ 2.6 lakh and is making full payment.
- (ii) Government school is making a payment of ₹ 3.5 lakh to a supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government.
- (iii) Municipal Corporation of Kolkata purchases a heavy generator from a supplier in Delhi. Now, it is making payment of ₹ 5 lakh for such purchase.
- (iv) Finance Department in Delhi is making a payment of ₹ 3 lakh to a supplier of 'printing & stationery' in Delhi.
- (a) (i), (ii) and (iii)
- (b) (ii), (iii) and (iv)
- (c) Only (i) and (ii)
- (d) Only (iii) and (iv)
27. State whether following statements are true or false:
- i. Any person aggrieved by any decision or order passed by an adjudicating authority under the CGST Act, 2017 may appeal to such Appellate Authority as may be prescribed within 3 months from the date on which the said decision or order is communicated to him.
- ii. No appeal shall be filed to Appellate Authority unless the appellant has paid sum equal to twenty five percent of the

remaining amount of tax in dispute arising from the said order, in relation to which appeal is filed.

- iii. Adjournment of appeal shall not be granted more than three times to a party during hearing of the appeal.
 - iv. The Appellate Authority shall have the power to refer back the case to adjudicating authority that passed the said decision or order.
 - (a) True, True, True, False
 - (b) False, True, True, False
 - (c) True, False, True, False
 - (d) False, False, False, True
28. Which of the following is/are not considered as a supply under the CGST Act, 2017?
- (a) Importation of architectural services for ₹ 1,00,000 for construction of residential property used for personal purposes from unrelated person.
 - (b) Importation of architectural services free of cost for construction of office used for business purposes from related person.
 - (c) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.
 - (d) Both (a) and (c)
29. Which of the following is not a supply under the CGST Act, 2017?
- (a) Goods supplied free of cost by X & Sons to its agent for further supply to customer at ₹ 5,000.
 - (b) Importation of accounting services (for business purposes) free of cost from a dependent father residing in US.
 - (c) An expensive watch gifted to an employee for ₹ 50,000.
 - (d) A machinery disposed off free of cost on which input tax credit has been availed.

30. Mrs. Reena is a consultant. She has provided the following details relating to services provided and received by her:

1. Supply of management consultancy services for ₹ 500,000 p.a.
2. Supply of accounting services for ₹ 200,000 p.a.
3. Renting of immovable property for residential purposes for ₹ 10,000 p.m.
4. Management consultancy services provided to a hospital for ₹ 50,000 one time
5. Services provided to a client outside India for ₹ 50,000 p.m.
6. Services received from a lawyer for ₹ 1,00,000

Note: Assume that amounts given above are exclusive of GST, wherever applicable.

What shall be her aggregate turnover for the financial year under GST provided her aggregate turnover during previous financial year was ₹ 24 lakh?

- (a) ₹ 9,10,000
- (b) ₹15,70,000
- (c) ₹ 14,70,000
- (d) ₹ 8,20,000

31. GST compliance rating shall be assigned to:

- (a) only a person who is liable to deduct TDS/ collect TCS.
- (b) only a composition dealer.
- (c) only an input service distributor.
- (d) every registered person.

32. Where the National Anti-Profiteering Authority determines that a registered person has not passed on the benefit of input tax credit to the recipient by way of commensurate reduction in price, the Authority may order:

- i. reduction in prices

- ii. imposition of prescribed penalty
- iii. cancellation of registration

Which of the above options are correct?

- (a) i. and ii.
 - (b) i., ii. and iii.
 - (c) i. and iii.
 - (d) i.
33. Sukanya, a supplier registered under GST, failed to pay the GST amounting to ₹ 5,000 for the month of January. The proper officer imposed a penalty on Sukanya for failure to pay tax. Sukanya believes that it is a minor breach and in accordance with the provisions of section 126 of the CGST Act, 2017, no penalty is imposable for minor breaches of tax regulations. In this regard, which of the following statements is true?
- (a) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000.
 - (b) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' if amount of tax involved is less than ₹ 2,500.
 - (c) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is upto ₹ 5,000.
 - (d) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is nil.
34. Minimum and maximum limit for amount for compounding of offences under section 138 of the CGST Act, 2017 are:
- (a) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000
 - (b) Minimum: Lower of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000

- (c) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Lower of 150% of tax involved, or ₹ 30,000
 - (d) Minimum: Lower of 50% of tax involved, or ₹ 10,000; Maximum: Lower of 150% of tax involved, or ₹ 30,000
35. Mr. A, a sole proprietor, has to appear before the Appellate Authority. He decides to appear through an authorized representative. Which of the following persons can be appointed as 'authorized representative' of Mr. A under GST law?
- (i) Sohan, his son, who has been dismissed from a Government service lately.
 - (ii) Rohan, a Company Secretary, who has been adjudged insolvent.
 - (iii) Mukul, a practicing High Court advocate.
- (a) (i) and (ii)
 - (b) (ii) and (iii)
 - (c) (iii)
 - (d) (ii)
36. Which of the following statements are true in case of retirement of a partner from the firm, under GST law?
- (a) Retiring partner and not the firm shall intimate the date of his retirement to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.
 - (b) The firm and not the retiring partner shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.
 - (c) Either retiring partner or the firm, shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of his retirement, whether determined or not, on that date.

- (d) Either retiring partner or the firm, shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.
37. Under GST law, time-limit for issuance of show cause notice in case of non-payment of ITC is on account of reasons other than fraud, wilful misstatement or suppression of facts, etc. is:
- (a) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.
 - (b) 3 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.
 - (c) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.
 - (d) 5 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.
38. Time-limit for issuance of show cause notice under GST law in case of any amount collected as tax, but not paid to the Central Government is:
- (a) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.
 - (b) 3 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.
 - (c) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.
 - (d) None of the above
39. Dev Bhoomi Rice (P) Ltd., a registered person under GST, is providing services of processing of milling of paddy into rice, loading, unloading, packing, storage and warehousing of rice in the State of Chhattisgarh. The company has made following supplies during the tax period of April to September:
- (i) Loading and unloading of rice: ₹ 50,00,000.
 - (ii) Packing and warehousing of rice: ₹ 30,00,000.

(iii) Processing services of milling of paddy into rice: ₹ 1,00,00,000.

Determine the amount of GST payable on the above supplies assuming that the applicable rate of tax is 5% and amounts given herein are exclusive of GST.

- (a) ₹ 32,40,000
- (b) ₹ 9,00,000
- (c) ₹ 5,00,000
- (d) Nil

40. A Municipal Corporation has invited online bids for maintenance of bus stops for a period of one year from 1st January to 31st December. The work involves composite supply of goods and services wherein the supply of services is the principal supply. The value of goods constitutes 25% of the total value of composite supply.

Mr. Kumar, Managing Director of Khiladi Contractors (P) Ltd., located and registered under GST in Gujarat, wants to bid for the same. He seeks your opinion to determine the taxability of the above supply to quote the best price. Choose the correct option.

- (a) Not leviable to tax
- (b) GST payable
- (c) Exempt
- (d) None of the above

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

- (a) GST payable

- (b) Non-taxable
 - (c) Exempt
 - (d) None of the above
42. Mr. Kumar is the Managing Director of Khiladi Equipments (P) Ltd. The company is located and registered under GST in Mumbai, Maharashtra. Mr. Kumar has decided to send food grains and other relief materials worth ₹ 50,00,000 and ₹ 20,00,000 through railway and airways respectively, to the cyclone hit victims in Kerala in the month of November. The company has contacted Super Airlines and Indian Railways to transport answer the materials from Mumbai to Kerala and price for the same has been determined as ₹ 10,00,000 by air and ₹ 50,000 by railways excluding taxes. Mr. Kumar seeks your help to determine what is the amount of GST payable by Super Airlines and Indian Railways, if applicable GST rate is 18% and the amounts given above are exclusive of GST, wherever applicable.
- (a) Super Airlines: ₹ 1,80,000; Indian Railways: Nil
 - (b) Super Airlines: ₹ 1,80,000; Indian Railways: ₹ 9,000
 - (c) Super Airlines: Nil; Indian Railways: ₹ 9,000
 - (d) Super Airlines: Nil; Indian Railways: Nil
43. Mr. Manjot is a trader supplying goods from his firm M/s. Singh Traders. The office of the firm is located in Delhi whereas its godowns are located in the State of Uttar Pradesh, Punjab and Jammu & Kashmir (J & K) respectively.
- M/s. Singh Traders made following intra-State supplies from different States during the current financial year:
- (i) Delhi - Taxable supplies: ₹ 21,00,000
 - (ii) Punjab – Exempted supplies: ₹ 6,00,000
 - (iii) Uttar Pradesh – Taxable and exempted supplies: ₹ 3,00,000 each respectively.
 - (iv) J & K – Taxable and exempted supplies: ₹ 8,00,000 and ₹ 3,00,000 respectively.

Ascertain the States in which Mr. Manjot is required to take registration under GST:

- (a) Delhi, Punjab, Uttar Pradesh and J & K
 - (b) Delhi, Uttar Pradesh and J & K
 - (c) Delhi and Uttar Pradesh
 - (d) Delhi
44. Mr. Pandey is an ambulance driver who lives in NCT of Delhi. He provides driving services to Preeti Heart and Lung Institute (PHLI) - a super specialty hospital registered under GST in Delhi - for a consideration of ₹ 25,000 per month.

Mr. Pandey was instructed to pick up a patient in Gurugram to PHLI. While going from Delhi to Gurugram, he picked up 5 passengers for transportation in the ambulance from Delhi to Gurugram and charged ₹ 500 each from them.

You are required to ascertain the taxability of transport services provided by Mr. Pandey in the ambulance from Delhi to Gurugram under the CGST Act, 2017:

- (a) Taxable supply
 - (b) Exempt supply
 - (c) Not a supply
 - (d) None of the above
45. M/s. Kala & Associates, dealing in sale/ purchase of used or second-hand cars, is registered under GST. During the current financial year, it effected following intra-State transactions:

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

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

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

- (a) ₹ 95,000
 - (b) ₹ 1,08,000
 - (c) ₹ 1,30,500
 - (d) Exempt Supply, No GST
46. M/s. Vishu Megamart, a store located and registered under GST in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Jeeraram's Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Cournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Teal Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of ₹ 1,000. State the type of supply and the tax rate applicable on the same.
- (a) Composite supply; tax rate of the principal item, i.e. Namkeen @18%
 - (b) Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
 - (c) Mixed supply; tax rate of principal item, i.e. Namkeen @18%
 - (d) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
47. State which of the following statements is incorrect:
- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if

the consideration charged for such performance is not more than ₹ 150,000 is exempt.

- (ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of ₹ 2,00,000 is exempt.
- (iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto ₹ 2,500 in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
- (iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is ₹ 2,250, is exempt.

Your options are-

- (a) (i)
 - (b) (ii), (iii)
 - (c) (ii), (iii), (iv)
 - (d) (i), (ii), (iii), (iv)
48. ASC, a registered person under GST, supplied goods amounting to ₹ 1,18,000 (inclusive of GST, taxable @ 18%) to BSC, a registered person under GST on 30th September. BSC further sold such goods to Rakesh, a consumer who came to his shop on 30th October in cash, for ₹ 2,36,000 (inclusive of GST, taxable @ 18%). ASC issued a credit note of ₹11,800 (₹10,000 + ₹ 1800 - GST) for rate difference on 2nd November to BSC. Thereafter, BSC entered a credit note in its books for the same amount in the name of Rakesh, without intimating him, on 2nd November and reduced its output tax liability accordingly.
- As per the provisions of GST law, which of the above-mentioned suppliers are allowed to reduce their output tax liability?
- (a) ASC
 - (b) BSC

- (c) Both ASC and BSC
- (d) Neither ASC nor BSC, since incidence of tax has been passed on to another person.

49. Mr. Allauddin, a stationery retailer, located and registered under GST in Allahabad, has received order for supply of goods worth ₹ 2,00,000 on 12th November from another local registered dealer, Mr. Jallauddin.

Goods were properly supplied with invoice of ₹ 2,00,000 on 14th November. Mr. Allauddin, incurred the following expenses before the goods were delivered to Mr. Jallauddin:

Packing charges - ₹ 3,000

Freight & Cartage - ₹ 2,500

Handling Charges - ₹ 1,500

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

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

Mr. Allauddin, paid CGST ₹ 18,000 and SGST 18,000. As a tax consultant, what will be your advice relating to further tax liability of Mr. Allauddin-

- (a) CGST - ₹ 630 and SGST - ₹ 630
- (b) CGST - ₹ 450 and SGST - ₹ 450
- (c) CGST - ₹ 18,630 and SGST - ₹ 18,630
- (d) CGST - ₹ 18,450 and SGST - ₹ 18,450

50. Mr. Rupesh Patel is voluntarily registered under GST having turnover of ₹ 15,00,000.

He is a practicing Company Secretary providing professional services from his partnership firm located in Chandigarh to its various clients.

He has taken some interior decoration services from abroad for a residential home owned in the name of the firm which is under construction in Chandigarh. He has paid ₹ 2,00,000 for the same.

In view of the above information, state the correct option:

- (a) GST is payable on the interior decoration services received from abroad.
- (b) Interior decoration services received from abroad are not taxable under GST since the same are not in the course or furtherance of business.
- (c) Interior decoration services received from abroad are exempt from GST in terms of section 6 of the IGST Act, 2017.
- (d) Interior decoration services received from abroad are not taxable since the amount is below threshold limit.

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

The turnover of the company from the current financial year is ₹ 90,00,000. The excise duty paid on the cigarettes removed is ₹ 10,00,000. CGST and SGST paid on the cigarettes is ₹ 18,00,000 each.

The company also recovered actual freight of ₹ 5,00,000 from the buyers on the supply of cigarettes so made during the current financial year and also charged CGST/ SGST thereon. The company paid tax @ 5% under reverse charge while availing the services of GTA of ₹ 5,00,000.

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

- (a) ₹ 90,00,000
- (b) ₹ 1,00,00,000
- (c) ₹ 1,18,00,000
- (d) ₹ 1,05,00,000

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

	Turnover	Tax paid on inputs
	₹	₹
Taxable goods	90,00,000	9,00,000
Exempt goods	10,00,000	1,00,000
Exported goods	15,00,000	2,00,000

No GST is payable on exempt and exported goods. Mr. Chamcham seeks your expert help in calculating the amount of ITC which he is eligible to claim under GST law. The refund amount is:

- (a) ₹ 12,00,000
(b) ₹ 11,00,000
(c) ₹ 10,00,000
(d) ₹ 9,00,000
53. Mr. Prabhu, registered under GST in Mumbai, is in the business of trading of marble handicraft items domestically as also exporting the same. His annual turnover and input tax details are as follows:

	Turnover	Tax paid on inputs
	₹	₹
Taxable goods	1,25,00,000	12,50,000
Exported goods	75,00,000	5,50,000
Exempt goods	50,00,000	5,00,000

Mr. Prabhu exported the goods under LUT without payment of IGST. Value of like goods domestically supplied by him is ₹ 60,00,000.

Mr. Prabhu seeks your help in calculating the amount of refund of ITC which he is eligible to claim under GST law. The refund amount is:

- (a) ₹ 18,00,000

- (b) ₹ 6,75,000
- (c) ₹ 5,40,000
- (d) ₹ 6,90,000
54. State whether the following statements are true or false:
1. Zero rated supply means supply of any goods or services or both which attracts nil rate of tax.
 2. Exempt supply means export of goods or services or both or supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
 3. Non-taxable supply means supply of goods or services or both which is not leviable to tax under the CGST Act, 2017 but leviable to tax under the IGST Act, 2017.
 4. ITC may be availed for making zero rated supply of exempt goods.
- (a) False, False, False, True
- (b) True, False, False, False
- (c) True, True, False, False
- (d) False, False, False, False
55. In respect of a consignment supplied on 20th August, provisional assessment was resorted to. The assessment was finalized on 20th November and the taxpayer became liable to pay differential IGST of ₹ 10,000. The taxpayer paid this amount on 20th February next year. The number of days for which the taxpayer is liable to pay interest are-
- (a) 184 days
- (b) 153 days
- (c) 92 days
- (d) 204 days
56. Shree Ram Seva Trust, registered under GST, is a charitable institution registered under section 12AA of the Income-tax Act, 1961. It has organized a skill development programme relating to persons over the

age of 65 years residing in a well-planned city, in the month of April. It has received following amounts under the programme:

Particulars	Amount (₹)
Subscription fees for the programme	50,000
Sponsorship fees received from Mahesh Enterprises – a sole proprietorship firm	1,00,000
Consideration for supply of goods	3,00,000

Besides, the trust has received the donations of ₹ 2,00,000 in April. Hanuman, accountant of Shree Ram Seva Trust, is not able to determine the taxability of the above amounts received under GST law. He seeks your expertise in determining the same.

Determine the value of taxable supply of Shree Ram Seva Trust, for the month of April assuming that the amounts given above are exclusive of GST, wherever applicable.

- (a) Nil
- (b) ₹ 6,50,000
- (c) ₹ 6,00,000
- (d) ₹ 4,50,000

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

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

- (a) Happy Singh: ₹ 5,50,000; Ratanjot Singh: Nil

- (b) Happy Singh: Nil; Ratanjot Singh: ₹ 5,00,000
- (c) Happy Singh: ₹ 50,000; Ratanjot Singh: Nil
- (d) Happy Singh: ₹ 50,000; Ratanjot Singh: ₹ 5,00,000
58. Lucky Singh, a resident of Noida, U.P. (working in a private firm), went to Himachal Pradesh for a family vacation via Delhi-Chandigarh-Himachal Pradesh in his own car. After entering Chandigarh, his car broke down due to some technical issue. He called 'ONROADS' - an emergency roadside car assistance company (registered under GST in Delhi) to repair the car. The car was repaired by the staff of 'ONROADS'. 'ONROADS' does not have a record of the addresses of the persons taking the car assistance service. The value of supply amounted to ₹ 50,000 (being labour charges ₹ 40,000 and spares ₹ 10,000). The bill was supposed to be generated online though the server, but due to some technical issue, it was not so generated.
- Determine the place of supply in the given case.
- (a) Delhi
- (b) Chandigarh
- (c) Noida, U.P
- (d) Himachal Pradesh
59. State whether following statements are true or false w.r.t. provisions relating to advance ruling.
- (i) Questions on which the advance ruling can be sought under the CGST Act, 2017 include rate of tax applicable to a particular supply and place of supply.
- (ii) Rectification of advance ruling is not possible once the Authority for Advance Ruling has passed the orders.
- (iii) The Authority for Advance Ruling shall pronounce its ruling within 90 days from the date of receipt of application.
- (iv) Authority for Advance Ruling may accept application even if the question raised in the application is already pending or decided

in any proceedings under any of the provisions of the CGST Act, 2017 qua the applicant.

- (v) Authority for Advance Ruling may, by order, declare such advance ruling void *ab-initio* if it finds out that such ruling is obtained by suppression of material facts, fraud or misrepresentation of facts.

Choose from the following options:

- (a) False, False, True, False, True
 (b) False, True, True, False, True
 (c) True, True, False, False, True
 (d) False, False, False, False, True
60. Lex Corp. (P) Ltd. is a manufacturer of fruit juices registered under GST. It purchases plastic bottles and cardboard and sends the same for affixing stickers on plastic bottles and manufacturing boxes from cardboard to a registered job worker, Hammer Industries (P) Ltd. These raw materials are sent directly from the place of business of supplier to the premises of job worker. Lex Corp. (P) Ltd. booked input tax credit on purchase of such items. The following transactions took place in this regard:

Value of goods sent to job worker	Input tax paid on such goods	Date of purchase of goods by Lex Corp. (P) Ltd.	Date of receipt of goods by Hammer Industries (P) Ltd.	Date of goods received back from Hammer Industries (P) Ltd.
₹ 50,000	₹ 6,000	10.07.2019	15.07.2019	12.07.2020
₹ 2,00,000	₹ 24,000	25.09.2019	27.09.2019	13.10.2020
₹ 8,00,000	₹ 96,000	22.12.2019	25.12.2019	16.08.2021
₹ 10,00,000	₹ 1,20,000	21.01.2020	25.01.2020	23.01.2021
₹ 3,50,000	₹ 42,000	24.02.2020	26.02.2020	28.02.2021

Determine the total amount to be added to the output tax liability of Lex Corp. (P) Ltd. in case of violation of provisions of section 143 of the CGST Act, 2017 in different point of times.

- (a) ₹ 2,88,000 + Interest @ 18%
- (b) ₹ 2,88,000 + Interest @ 24%
- (c) 1,62,000 + Interest @ 24%
- (d) 1,62,000 + Interest @ 18%

61. Mr. Mehul Roy, proprietor of M/s. Royal Shoe & Company, is running a business of manufacturing shoes with the brand name of 'JUNOON'. The manufacturing unit is located in Delhi and is registered under GST. However, due to low profitability in the business, he has decided to transfer his business to his friend Mr. Dilip Tijori. Mr. Dilip Tijori is already running the business of manufacturing shoes under a proprietorship firm named M/s Hawai Shoes & Company which is located in Mumbai and registered under GST.

Mr. Mehul Roy has approached you to help him with the issue of transfer of unutilized input tax credit in electronic credit ledger of M/s. Royal Shoe & Company to M/s Hawai Shoes & Company.

Advise Mr. Rahul Roy with the correct option in accordance with the provisions of the CGST Act, 2017:

- (a) M/s. Royal Shoe & Company cannot transfer unutilised input tax credit in its electronic credit ledger to M/s Hawai Shoes & Company as the proprietors are different.
- (b) M/s. Royal Shoe & Company can transfer the unutilized input tax credit in its electronic credit ledger to M/s Hawai Shoes & Company and it can further be utilized in setting off GST liability for succeeding period.
- (c) M/s. Royal Shoe & Company can transfer unutilized input tax credit in its electronic credit ledger to M/s Hawai Shoes & Company and it can be further utilized in setting off GST liability for a period upto the month of September following the year in which ITC was transferred.

(d) M/s. Royal Shoe & Company cannot transfer unutilized input tax credit in its electronic credit ledger to M/s Hawaii Shoes & Company but can claim refund of such unutilized input tax credit.

62. An appeal to the High Court can be filed under the CGST Act, 2017 in the following cases:

(i) By a person aggrieved against the order passed by the State bench or Area bench of the Appellate Tribunal

(ii) By a person aggrieved against the order passed by the National bench or Regional bench of the Appellate Tribunal

(iii) For matter involving substantial question of law

Choose the correct option from the following:

(a) (i) and (ii)

(b) (i) and (iii)

(c) (ii) and (iii)

(d) (i), (ii) and (iii)

63. Reena Banerji & Associates is engaged in retail business of selling mobile phones in the State of West Bengal. It has effected supplies to the customers in the State of Uttar Pradesh and Haryana. Its total turnover during the current financial year is ₹ 18,00,000. Owing to low profit margins in the business, she has decided to shut down the business in the next financial year.

The proper officer has collected evidence of the inter-State sales of mobile phone effected by Reena Banerji & Associates during the current financial year. Now, the proper officer wants to make the assessment as it was liable for registration but did not get itself registered under GST.

You are required to assist the proper officer by determining which assessment can be done in this case under the CGST Act, 2017?

(a) Self-assessment

(b) Provisional Assessment

- (c) Assessment of unregistered persons
- (d) Special assessment
64. Fury Ltd., India has received an order for supply of services amounting to \$ 5,00,000 from a US based client. Fury Ltd., India is unable to supply the entire services from India and asks Neik Inc., Mexico (who is not an establishment of Fury Ltd.) to supply a part of the services, i.e. 40% of the total contract value to the US client. Fury Ltd. raised the invoice for entire value of \$ 5,00,000, but the US client paid \$ 3,00,000 to Fury Ltd. and \$ 2,00,000 directly to Neik Inc., Mexico which is approved by a special order of RBI. Fury Ltd. also paid IGST@ 18% on the services imported from Neik Inc. Mexico. Assuming all the conditions of section 2(6) of the IGST Act, 2017 are fulfilled, determine the value of export of services assuming that the amounts given above are exclusive of GST.
- (a) \$ 3,00,000
- (b) \$ 5,00,000
- (c) \$ 3,90,000
- (d) \$ 5,90,000
65. For the purposes of rule 7 (Deductive Value) of the Customs (Determination of Value of Imported Goods) Rules, 2007, determine the unit price in greatest aggregate quantity:
- A Ltd. makes two sales. In the first sale, 500 units are sold at a price of ₹ 95. In the second sale, 400 units are sold at a price of ₹ 100.
- (a) ₹ 95
- (b) ₹ 100
- (c) Average of ₹ 95 and ₹ 100 i.e. $(₹ 95 + ₹ 100)/2 = ₹ 97.5$
- (d) Data is insufficient to determine the unit price in greatest aggregate quantity

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66. Which of the following combinations is correct?

Situation		Consequence	
1	Goods pilfered	1	Abatement of duty
2	Goods lost or destroyed	2	No liability to pay customs duty
3	Goods damaged or deteriorated	3	Remission of duty

- (a) 1 and 1, 2 and 2, 3 and 3
(b) 1 and 3, 2 and 1, 3 and 2
(c) 1 and 2, 2 and 3, 3 and 1
(d) 1 and 2, 2 and 1, 3 and 3
67. Which of the following statements are correct in relation to drawback provisions under sections 74 and 75 of the Customs Act, 1962?
- (i) While drawback under section 74 is payable when duty paid goods are re-exported, drawback under section 75 is payable when imported materials are used in the manufacture of export goods
- (ii) While the rates for drawback under section 74 are fixed, a manufacturer may seek a special rate for drawback under section 75.
- (iii) In case drawback is not paid to the applicant within one month of application, the interest has to be paid to the applicant in both the cases.
- (iv) Drawback is not allowed in cases where market price of goods is less than the amount of drawback claimed.
- (a) (i), (ii) and (iii)
(b) (i), (ii), (iii) and (iv)
(c) (ii) and (iv)
(d) (ii) and (iii)

68. Which of the following options is/are correct?
- (i) Indian customs waters extend up to 12 nautical miles.
 - (ii) Indian customs waters extend up to 24 nautical miles.
 - (iii) Indian customs waters extend up to exclusive economic zone of India.
 - (iv) Indian customs waters include territorial waters and extend up to 200 nautical miles.
- (a) Only (ii)
 - (b) (iii) and (iv)
 - (c) (ii) and (iv)
 - (d) Only (iv)
69. The taxable event under the Customs Act, 1962 is:
- (a) import of goods into India/ export of goods from India.
 - (b) supply of goods into India/ supply of goods from India to outside India.
 - (c) sale of goods into India/ sale of goods outside India.
 - (d) manufacture of goods into India for supply outside India.
70. What is the relevant date for determining rate of duty in case of warehoused goods before clearing for home consumption?
- (a) Date of presentation of in-bond bill of entry
 - (b) Date of presentation of ex-bond bill of entry i.e. bill of entry for home consumption
 - (c) Date of payment of duty
 - (d) Date of import of goods into India
71. Which of the following is correct for destroyed goods under section 23 of the Customs Act, 1962?
- (a) It is applicable in case of total loss of goods even if same can be recovered.

- (b) The provisions are not applicable if goods are destroyed at the warehouse.
 - (c) The provisions are also applicable even if goods are destroyed at the warehouse.
 - (d) The importer need not prove the loss to the proper officer.
72. In which of the following cases, importer can claim pilferage and choose not to pay duty under section 13 of the Customs Act, 1962 provided the goods are not restored to the importer after pilferage?
- (i) Goods pilfered while on high seas
 - (ii) Goods pilfered before unloading
 - (iii) Goods pilfered after unloading but before order for home consumption given by proper officer
 - (iv) Goods cleared for home consumption
- (a) (i) and (ii)
 - (b) (i) and (iii)
 - (c) Only (ii)
 - (d) Only (iii)
73. In which of the following cases, can an importer claim abatement of duty under section 22 of the Customs Act, 1962?
- (i) Goods pilfered during unloading
 - (ii) Goods damaged by accident (due to negligence of the importer) after unloading but before examination for assessment by customs authorities
 - (iii) Goods destroyed by accident while being removed from the warehouse after clearance for home consumption
 - (iv) Goods damaged by accident (not due to negligence of the importer) after unloading but before examination for assessment by customs authorities
- (a) Only (iv)

- (b) Only (iii)
 - (c) Both (i) and (iii)
 - (d) (i), (ii), (iii) and (iv)
74. Which of the following statements is/are correct?
- (i) Special exemption under section 25 of the Customs Act, 1962 is granted by issuing a notification.
 - (ii) General exemption under section 25 of the Customs Act, 1962 is granted by issuing an order.
 - (iii) Special exemption is required to be published in official gazette.
 - (iv) General exemption is not required to be published in official gazette.
- (a) (i), (ii), (iii) and (iv)
 - (b) None of above
 - (c) Both (i) and (ii)
 - (d) (ii) and (iv)
75. ABC Ltd. exported certain goods last year. The buyer has sent back those goods since the same were under warranty and required repairs. Which of the following conditions are to be satisfied by ABC Ltd. to avail exemption on goods re-imported for repairs under *Notification No. 158/95 Cus dated 14.11.1995*?
- (i) ABC Ltd., at the time of importation, executes a bond.
 - (ii) Goods must be re-exported within 6 months or 1 year (if time is extended) of the date of re-importation.
 - (iii) In case goods are not repaired, new goods are to be sent by ABC Ltd. within 6 months.
- (a) (i) and (iii)
 - (b) (i), (ii) and (iii)
 - (c) (ii) and (iii)
 - (d) (i) and (ii)

76. XYZ Ltd. sent certain goods abroad for repairs. XYZ Ltd. has been advised by their consultants that they will have to pay customs duty only on fair cost of repairs, freight and insurance charges, both ways, on re-import of exported goods under *Notification No. 45/2017 Cus dated 30.06.2017* provided they fulfill following conditions:

- (i) The re-importation is done within 3 years or, if time is extended, within 5 years.
- (ii) The exported and re-imported goods are same.
- (iii) The ownership of goods should not have changed.

Which one of the above-mentioned conditions is/are correct?

- (a) (i), (ii) and (iii)
 - (b) (ii) and (iii)
 - (c) (i) and (iii)
 - (d) Only (ii)
77. Which of the following statements is correct in relation to value of imported goods determined under rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, i.e. transaction value of identical goods:
- (a) The transaction value of identical goods in a sale at any commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.
 - (b) The transaction value of identical goods in a sale at same commercial level and in any quantity as the goods being valued shall be used to determine the value of imported goods.
 - (c) The transaction value of identical goods in a sale at same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.

- (d) The transaction value of identical goods in a sale at any commercial level and in any quantity as the goods being valued shall be used to determine the value of imported goods.
78. Which of the following are levied as additional duties of customs under section 3 of the Customs Act, 1962?
- (i) Duty equal to excise duty leviable on like product manufactured in India
- (ii) Countervailing duty as special additional duty
- (iii) Special additional duty to counterbalance sales tax
- (iv) Anti-dumping duty to protect domestic industry
- (a) (i), (ii), (iii) and (iv)
- (b) (i), (ii) and (iv)
- (c) (i), (iii) and (iv)
- (d) (i), (ii) and (iii)
79. Safeguard duty cannot be imposed if:
- (a) The article on which it is proposed to be imposed originates from a developed country provided its share of imports is not more than 3% of total imports of that article in India.
- (b) The article on which it is proposed to be imposed originates from a developing country provided its share of imports is not more than 5% of total imports of that article in India.
- (c) The article on which it is proposed to be imposed originates from more than one developing country and its aggregate share of imports from developing countries each with less than 3% share taken together does not exceed 9% of total imports of that article into India.
- (d) The article is imported by a person in special category State.
80. Some banks in China are giving interest free loans to its domestic manufacturers for manufacture of solar panels. This interest free loan would qualify as subsidy for levying of countervailing duty under section

9 of the Customs Tariff Act, 1975 in India on import of such solar panels if:

- (a) such interest free loan is given by public or Government bank.
- (b) such interest free loan is given by private banks on their own without any direction or instruction from the Government.
- (c) Neither (a) nor (b)
- (d) Both (a) and (b)

81. Countervailing duty under section 9 of the Customs Tariff Act, 1975 shall not be levied unless it is determined that:

- (i) subsidy relates to export performance.
 - (ii) subsidy relates to use of domestic goods over imported goods in export article.
 - (iii) subsidy is conferred on all persons engaged in the manufacture of export article.
- (a) (i), (ii) and (iii)
 - (b) Only (iii)
 - (c) (ii) and (iii)
 - (d) (i) and (ii)

82. Anti-dumping duty is calculated as follows:

- (a) Higher of margin of dumping or injury margin
- (b) Lower of margin of dumping or injury margin
- (c) Higher of export price or normal value
- (d) Lower of export price or normal value

83. Which of the following statements is valid under the customs law?

- (i) Imposition of countervailing duty and anti-dumping duty on same article.

- (ii) Imposition of countervailing duty on an article for the reason that same is exempt from duty borne by a like article when meant for consumption in country of origin.
 - (iii) Imposition of anti-dumping duty on articles imported from a member country of WTO on determination that import of such article materially retards the establishment of any industry in India.
 - (a) (i), (ii) and (iii)
 - (b) (i) and (ii)
 - (c) (i) and (iii)
 - (d) Only (iii)
84. Social welfare surcharge is leviable on-
- (i) Basic customs duty
 - (ii) IGST
 - (iii) Anti-dumping duty
 - (iv) GST compensation cess
 - (a) Only (i)
 - (b) (i) + (ii) + (iii)
 - (c) (i) + (ii) + (iv)
 - (d) (i) + (iii)
85. Under the customs law, electric shaving machine is classifiable under following:
- 8510: Shavers and hair clippers with self-contained electric motors;
- 8509: Electro mechanical domestic appliances with self-contained electric motor
- As per rules of classification, electric shaving machine should be classifiable under
- (a) 8510

- (b) 8509
 - (c) More information is needed
 - (d) Can be classified under both
86. Which of the following statements is/are correct?
- (i) Cases which are specially designed or fitted to contain a specific article and given with the articles for which they are intended shall follow the classification of items which are packed.
 - (ii) Packing materials, whether capable of repetitive use or not, cleared along with goods are classifiable with goods.
- (a) (i)
 - (b) (ii)
 - (c) Both (i) and (ii)
 - (d) Neither (i) nor (ii)
87. The transaction value of imported goods is not accepted for valuation purposes when:
- (i) the use of the imported goods by the buyer is subject to the restrictions imposed by the seller which substantially affect the value of goods.
 - (ii) the buyer and seller are not related.
 - (iii) price is not the sole consideration for sale.
- (a) (i) and (iii)
 - (b) Only (i)
 - (c) Only (iii)
 - (d) (i), (ii) and (iii)
88. The relevant date for determining the rate of exchange in case of imported goods is:
- (a) date when the vessel arrives in India.
 - (b) date of presentation of bill of entry.

- (c) date of examination of goods by proper officer.
 - (d) date of deposit of duty.
89. Which of the following statements is/are not correct for 'identical' goods' for valuation purposes under the Customs Act, 1962?
- (i) Identical goods are same in all respects, including physical characteristics, quality and reputation as the goods being valued except for minor differences in appearance that do not affect the value of goods.
 - (ii) Identical goods can be produced in any country.
 - (iii) Identical goods are produced by same person who produced the goods being valued, or where no such goods are available, goods produced by a different person.
- (a) (i), (ii) and (iii)
 - (b) (i) and (iii)
 - (c) Only (ii)
 - (d) Only (iii)
90. For valuation purposes under the Customs Act, 1962, which of the following transactions would be considered as having been made between related persons?
- (i) A foreign company - A Ltd. having a joint venture with Indian company - B Ltd. in the name of AB Ltd. A Ltd. holds 51% shareholding in AB Ltd. The transactions between A Ltd. and AB Ltd.
 - (ii) A foreign company - A Ltd. having a joint venture with Indian company - B Ltd. in the name of AB Ltd. The transactions between A Ltd. and B Ltd.
 - (iii) A Inc., a company in USA, holding 5% of share capital of importer company - B Ltd. The transactions between A Inc. and B Ltd.
- (a) (i), (ii) and (iii)
 - (b) (i) and (iii)

- (c) (i) and (ii)
 - (d) (ii) and (iii)
91. Which of the following is not includible in the transaction value of goods under rule 10(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007?
- (a) Buying Commission
 - (b) Royalties
 - (c) License fees
 - (d) Cost of packing
92. For determining the CIF price of the imported goods, certain additions have to be made to the value of imported goods under rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. If cost of insurance is not ascertainable from the documents submitted before the customs authorities, then such amount is determined as follows:
- (i) 20% of free on board value of goods
 - (ii) 1.125% of free on board value of goods
 - (iii) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation are available; then 1.125% of such sum
 - (iv) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation are available; then 20% of such sum
- (a) (i) or (iii)
 - (b) (i) or (iv)
 - (c) (ii) or (iii)
 - (d) (ii) or (iv)

93. Certain goods were imported by air. The free on board value of goods is ₹ 100. The cost of transport, loading, unloading and handling charges up to place of importation is ₹ 25. The cost of insurance is ₹ 10. For the purposes of rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, which of the following shall be added to the value of imported goods?
- (a) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 10
 - (b) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 1.125
 - (c) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 1.125
 - (d) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10
94. Which of the following statements is not correct in the context of valuation of imported goods?
- (a) Buying commission is not includible in the value of imported goods.
 - (b) Rate of exchange notified by CBIC on date of presentation of bill of entry is to be considered.
 - (c) For imports by air, the cost of transport, loading, unloading and handling charges up to place of importation cannot exceed 20% of free on board value of goods.
 - (d) Social welfare surcharge is leviable on basic customs duty, integrated tax and GST compensation cess.
95. In which of the following cases, the refund under section 27 of the Customs Act, 1962 is credited to the consumer welfare fund?
- (a) If the importer proves that there is no unjust enrichment.
 - (b) Where goods are imported for non-personal use of an individual and he could not prove that there is no unjust enrichment.

- (c) If the amount of refund relates to drawback of duty under sections 74 and 75 of the Customs Act, 1962.
 - (d) If the amount relates to export duty paid on goods which have been returned to exporter as specified under section 26 of the Customs Act, 1962.
96. Which of the following statements is false?
- (a) Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.
 - (b) Safeguard duty shall not be applicable on articles imported by a 100% EOU or SEZ unit unless specifically made applicable.
 - (c) Safeguard duty shall not be imposed on articles originating from developing country if the share of imports of that article from that country \leq 3% of the total imports of that article into India.
 - (d) Central Government may exempt notified quantity of any article, when imported from any country into India, from whole/part of the safeguard duty.
97. Which of the following statements is/are incorrect in relation to refund provisions under the Customs Act, 1962?
- (i) Interest on delayed refund is payable to the applicant only if duty ordered to be refunded is not refunded within 3 months from the date of receipt of application.
 - (ii) If imports were made by an individual for his personal use, the amount of duty found refundable, is paid to the applicant instead of being credited to the Consumer Welfare Fund.
 - (iii) Application for refund has to be made within 1 year of payment of duty where duty is paid under protest.
 - (iv) Doctrine of unjust enrichment is applicable if refund of duty is relatable to drawback of duty payable under sections 74 and 75.
- (a) (i) and (iv)
 - (b) (i) and (ii)

- (c) (iii) and (iv)
 - (d) (ii), (iii) and (iv)
98. Outline the stepwise procedure of import of goods into India.
- (i) Grant of entry inwards to vessel
 - (ii) Filing of Import General Manifest
 - (iii) Unloading of goods
 - (iv) Assessment of goods
 - (v) Filing of Bill of Entry
 - (vi) Payment of duty
- (a) (i), (ii), (iii), (iv), (v), and (vi)
 - (b) (ii), (iii), (i), (iv), (v), and (vi)
 - (c) (iii), (ii), (i), (vi), (v), and (iv)
 - (d) (ii), (i), (iii), (v), (iv) and (vi)
99. Which of the following is not correct in relation to claim of duty drawback under section 75 of the Customs Act, 1962?
- (i) The upper limit for drawback is one third of market price of export product.
 - (ii) Countervailing duties and safeguard duties are included in all industry rates of drawback.
 - (iii) Countervailing duties and safeguard duties are not included while determining all industry rates of drawback and thus can be claimed in application for fixing brand rate.
 - (iv) Provisions of section 75 are not applicable on goods exported by post.
- (a) (i), (ii) and (iv)
 - (b) (i), (iii) and (iv)
 - (c) (ii) and (iv)
 - (d) (iii) and (iv)

100. Ayat Niryat Enterprises exported goods having FOB value of ₹ 10 lakh. The All-Industry duty drawback on exports of these goods is 5%. Market price of the goods in India is ₹ 40,000. Calculate the duty drawback receivable by Ayat Niryat Enterprises.
- (a) ₹ 50,000
- (b) ₹ 40,000
- (c) Ayat Niryat Enterprises is not entitled to get any duty drawback since the market price of such goods is less than the amount of drawback.
- (d) Either (a) or (b) at the option of the exporter.

Answer Key

Question No.	Answer
1	(c) Nil
2	(c) Toto Shoes (P) Ltd.: ₹ 5 crore and James Bond: ₹ 60 lakh
3	(b) 1, 2, 5, 6
4	(c) (i), (iii), (iv)
5	(a) Mr. Pal should get himself registered under GST in the name and style M/s. Spiceton Restaurant under his own PAN and file Form GST ITC-02.
6	(b) 20 th May, 2022
7	(d) Supply other than composite and mixed supply; respective tax rate applicable to each item
8	(a) 10 th August
9	(b) 5 th May
10	(b) Jharkhand
11	(b) Mumbai, Maharashtra

12	(a) Haryana
13	(b) Uttar Pradesh
14	(c) None of the above
15	(c) 18%, inter-State supply
16	(c) (i), (iii), (iv)
17	(d) (i), (ii), (iii)
18	(d) (i), (ii), (iii)
19	(a) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
20	(c) Both (a) and (b)
21	(d) (i), (ii), (iii)
22	(a) 1., 2. & 4.
23	(a) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
24	(d) Korelal Printon (P) Ltd. has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 lakh.
25	(a) IGST - ₹ 72,000
26	(d) Only (iii) and (iv)
27	(c) True, False, True, False
28	(c) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.
29	(c) An expensive watch gifted to an employee for ₹50,000.
30	(c) ₹ 14,70,000

31	(d) every registered person
32	(b) i., ii. and iii.
33	(a) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000
34	(a) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000
35	(c) (iii)
36	(c) Either retiring partner or the firm, shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of his retirement, whether determined or not, on that date.
37	(a) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.
38	(d) None of the above
39	(c) ₹ 5,00,000
40	(c) Exempt
41	(a) GST payable
42	(a) Super Airlines: ₹ 1,80,000; Indian Railways: Nil
43	(b) Delhi, Uttar Pradesh and J & K
44	(a) Taxable supply
45	(a) ₹ 95,000
46	(d) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
47	(d) (i), (ii), (iii), (iv)

48	(a) ASC
49	(a) CGST -₹ 630 and SGST -₹630
50	(a) GST is payable on the interior decoration services received from abroad.
51	(d) ₹ 1,05,00,000
52	(b) ₹ 11,00,000
53	(b) ₹ 6,75,000
54	(a) False, False, False, True
55	(b) 153 days
56	(d) ₹ 4,50,000
57	(b) Happy Singh: Nil; Ratanjot Singh: ₹ 5,00,000
58	(a) Delhi
59	(a) False, False, True, False, True
60	(d) 1,62,000 + Interest @ 18%
61	(b) M/s. Royal Shoe & Company can transfer the unutilized input tax credit in its electronic credit ledger to M/s Hawai Shoes & Company and it can further be utilized in setting off GST liability for succeeding period.
62	(b) (i) and (iii)
63	(c) Assessment of unregistered persons
64	(b) \$ 5,00,000
65	(a) ₹ 95
66	(c) 1 and 2, 2 and 3, 3 and 1
67	(b) (i), (ii), (iii) and (iv)
68	(b) (iii) and (iv)

69	(a) import of goods into India/ export of goods from India.
70	(b) Date of presentation of ex-bond bill of entry i.e. bill of entry for home consumption.
71	(c) The provisions are also applicable even if goods are destroyed at the warehouse.
72	(d) Only (iii)
73	(a) Only (iv)
74	(b) None of above
75	(d) (i) and (ii)
76	(a) (i), (ii) and (iii)
77	(c) The transaction value of identical goods in a sale at same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.
78	(d) (i), (ii) and (iii)
79	(c) The article on which it is proposed to be imposed originates from more than one developing country and its aggregate share of imports from developing countries each with less than 3% share taken together does not exceed 9% of total imports of that article into India.
80	(a) such interest free loan is given by public or Government bank
81	(d) (i) and (ii)
82	(b) Lower of margin of dumping or injury margin
83	(d) Only (iii)
84	(a) Only (i)
85	(a) 8510

86	(a) (i)
87	(a) (i) and (iii)
88	(b) date of presentation of bill of entry
89	(c) Only (ii)
90	(c) (i) and (ii)
91	(a) Buying Commission
92	(c) (ii) or (iii)
93	(d) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10
94	(d) Social welfare surcharge is leviable on basic customs duty, integrated tax and GST compensation cess.
95	(b) Where goods are imported for non-personal use of an individual and he could not prove that there is no unjust enrichment.
96	(a) Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.
97	(c) (iii) and (iv)
98	(d) (ii), (i), (iii), (v), (iv) and (vi)
99	(c) (ii) and (iv)
100	(c) Ayat Niryat Enterprises is not entitled to get any duty drawback since the market price of such goods is less than the amount of drawback.

CASE SCENARIOS

1. Aspire Solutions Private Limited (hereinafter referred to as 'Aspire Solutions') is engaged in providing multidimensional services to its clients through its office in Haryana, registered under GST. During the month of July, following transactions were undertaken by Aspire Solutions:
 - (i) Import of certain cloud services from Bizcart.com for an amount of ₹ 50,00,000. There is an additional charge of 2% as equalisation levy on such services in India which is recovered from the offshore service supplier by the Government. Bizcart.com passes the taxes to its customers by charging them, as its internal policy.
 - (ii) Aspire Solutions pays sitting fee of ₹ 25,000 each to its 4 directors per month. Further, there are two directors who are in the executive roles and are withdrawing ₹ 2,00,000 each per month as salary from the company and the applicable TDS amount, under section 192 of the Income-tax Act, 1961, is deducted from such salary.
 - (iii) Aspire Solutions paid for life insurance of its employees in compliance of its internal policy. The amount of premium was ₹ 5,00,000.
 - (iv) Aspire Solutions provided consultancy services to its client, Zoom Corp. based in Bangalore and issued an invoice of ₹ 30,00,000.
 - (v) Empowering India is a non-government organisation located in Haryana. It aims at empowering the eligible companies to grow their business in India. Aspire Solutions, being one of the eligible companies, received a subsidy of ₹ 5,00,000 in lumpsum from Empowering India for the month of July.
 - (vi) Aspire Solutions provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana. The amount agreed for such sponsorship services is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. There is no other outward or inward supply transaction apart from aforesaid transactions in the month of July.

The opening balance of input tax credit for the relevant tax period for the company is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates:

- I. Intra-State supply – 9% CGST and 9% SGST
- II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 1.1. to 1.5.

- 1.1. The GST liability for cloud services procured by Aspire Solutions from Bizcart.com shall be:
 - (a) on Bizcart.com since the services are online information and database access or retrieval services and GST of ₹ 9,00,000 shall be paid by Bizcart.com.
 - (b) nil. There will not be any GST liability on the transaction since Bizcart.com is located outside India and services are provided electronically.
 - (c) on Bizcart.com under forward charge and GST of ₹ 9,18,000 shall be paid by Bizcart.com.
 - (d) on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.
- 1.2. Aspire Solutions seek your advice on the taxability of the sitting fee payable to directors and salary payable to the executive directors. The correct advice is:
 - (a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.

- (b) Total amount payable to directors (sitting fees as well as salary) is exempt from GST.
 - (c) Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Aspire Solutions.
 - (d) Total amount payable to directors (sitting fees as well as salary) is liable to GST under forward charge in the hands of the directors as professional income.
- 1.3. What shall be the amount of input tax credit available with Aspire Solutions for the month of July?
- (a) ₹ 10,26,000
 - (b) ₹ 11,16,000
 - (c) ₹ 9,36,000
 - (d) ₹ 1,96,000
- 1.4. Compute the value of outward supplies made by Aspire Solutions in July.
- (a) ₹ 30,00,000
 - (b) ₹ 25,00,000
 - (c) ₹ 35,00,000
 - (d) ₹ 40,00,000
- 1.5. Compute the amount of GST to be deposited in cash by Aspire Solutions for the month of July.
- (a) Nil
 - (b) ₹ 7,20,000
 - (c) ₹ 9,36,000
 - (d) ₹ 6,30,000

Answer Key

Question No.	Answer
1.1	(d) on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.
1.2	(a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.
1.3	(c) ₹ 9,36,000
1.4	(c) ₹ 35,00,000
1.5	(c) ₹ 9,36,000

2. Supernova India Limited is a 100% subsidiary of Supernova LLC, Japan, registered under GST in the State of Gujarat. Supernova Inc., Singapore, is another subsidiary of Supernova LLC, Japan, and is engaged in supply of industrial goods to customers across the world.

In India, Supernova Inc., Singapore, sells the goods to a sub-contractor registered under GST in the name of Alpha Limited in the State of Maharashtra. Alpha Limited imports the goods sold by Supernova Inc., Singapore and carries out the required technical process on such goods in the factory located in Maharashtra.

After the processing of goods by Alpha Limited, the goods are sold by Alpha Limited to Supernova India Limited for further sales to end customers.

As a holding company, Supernova LLC, Japan, recovers an amount equivalent to 20% of the sales made by Supernova India Limited as commission on monthly basis.

During the month of January, Alpha Limited imported the goods worth ₹ 10,00,000 from Supernova Inc., Singapore. The inter-State purchases of Alpha Limited from domestic market amounted to ₹ 2,00,000 during the month of January. The value of processed goods sold by Alpha Limited to Supernova India Limited amounted to ₹ 10,00,000. Further,

Supernova India Limited paid an additional amount equivalent to ₹ 2,00,000 for transportation and handling of goods to third party, which was contractually agreed to be paid by Alpha Limited. No GST was payable on such transportation and handling to the third party. Alpha Limited has also charged an amount equivalent to ₹ 12,000 on such processed goods as miscellaneous municipal levy (other than GST) payable in the State of Maharashtra.

Supernova India Limited sold the goods purchased from Alpha Limited in the month of January as per the details provided below:

1. ₹ 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan
2. ₹ 8,00,000 worth goods to Y Ltd, a customer located in the State of Gujarat

There is no opening stock and closing stock for the month of January with Supernova India Limited.

In January, Supernova India Limited sent 5 of its employees of finance team to Singapore for training purpose. The training was given by Supernova Inc., Singapore, at its office located in Singapore. The expenses related to such training were paid by Supernova India Limited to Supernova Inc., Singapore.

Further, an employee of Supernova India Limited had visited the manufacturing unit of Alpha Limited in Mumbai, Maharashtra and had stayed in the hotel located in Mumbai, Maharashtra, in the month of January. At the time of checkout from hotel, the invoice was issued for an amount equivalent to ₹ 1,00,000. The hotel had issued invoice in the name of Supernova India Limited and GST was charged at the rate of 14% CGST and 14% SGST on total invoice amount of ₹ 1,00,000. Out of such amount, the amount recoverable from the employee towards non-official stay by Supernova India Limited was ₹ 50,000.

Fun Events Ltd., an event management company at New Delhi, had organized an event in the month of January for Supernova India Limited, in Mauritius.

The opening balance of input tax credit of both Alpha Limited as well as Supernova India Limited for the relevant tax period is nil. Further, there is no other inward or outward supply transaction for Alpha Limited in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

All the above transactions are exclusive of GST, wherever applicable. GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

- I. Intra-State supply – 9% CGST and 9% SGST
- II. Inter-State supply – 18% IGST

The rate of basic customs duty on import of goods is nil. However, IGST is applicable on import of goods. No additional duty or cess is applicable on the import of goods or services.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 2.1 to 2.5 as follows:-

- 2.1. The total GST liability net of input tax credit, if any, of Alpha Limited for the month of January is:
 - (a) ₹ 2,18,160 payable as IGST.
 - (b) nil.
 - (c) ₹ 2,160 payable as IGST.
 - (d) ₹ 1,09,080 payable as CGST and ₹ 1,09,080 payable as SGST.

- 2.2. What shall be the gross IGST liability i.e. without any adjustment of input tax credit, if any, of Supernova India Limited for the month of January?
 - (a) ₹ 1,08,000
 - (b) Nil
 - (c) ₹ 1,58,400
 - (d) ₹ 33,840

- 2.3. How shall the amount paid towards the training expenses employees of finance team of Supernova India Limited be treated under the GST law?
- (a) No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.
 - (b) GST is applicable on the training expenses and is payable as IGST by Supernova India Limited since the place of supply for training services in case of registered person is location of such registered person.
 - (c) Supernova Inc., Singapore, is required to obtain registration as casual taxable person in India and discharge the GST liability in India.
 - (d) Supernova Inc., Singapore, is required to obtain registration as online information and database access or retrieval service provider in India and discharge the tax liability on training service.
- 2.4. Whether input tax credit is available on the GST paid by Supernova India Limited on the invoice amounting to ₹ 1,00,000 to the hotel located in Mumbai, Maharashtra, for stay of the employee? If yes, please specify the amount of input tax credit available.
- (a) Yes, as ₹ 14,000 CGST and ₹ 14,000 SGST
 - (b) Yes, as ₹ 28,000 IGST
 - (c) No input tax credit is available
 - (d) Yes, as ₹ 7,000 CGST and ₹ 7,000 as SGST
- 2.5. Whether GST is applicable on the event organized by Fun Events Ltd. for Supernova India Limited in Mauritius and what is the place of supply in such case?
- (a) GST is applicable and the place of supply is New Delhi.
 - (b) GST is applicable and the place of supply is Gujarat.
 - (c) GST is not applicable and the place of supply is Mauritius.

- (d) GST is applicable and the place of supply is Mauritius.

Answer Key

Question No.	Answer
2.1	(c) ₹ 2,160 payable as IGST
2.2	(c) ₹ 1,58,400
2.3	(a) No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India
2.4	(c) No input tax credit is available
2.5	(b) GST is applicable and the place of supply is Gujarat.

3. Doodle Inc. is an entity incorporated in USA and is engaged in provision of various information technology related services directly as well as through its subsidiaries located across the world. In India, Doodle India, a subsidiary of Doodle Inc., is registered under GST in the State of Karnataka under GST and is providing services to various customers in India.

Doodle Inc. provides cloud-based storage services to its customers (business entities and non-business entities) in India. The customers can subscribe to the services by making online payment directly to Doodle Inc.'s bank account through internet banking and other modes. The terms and conditions for such services are entered between Doodle Inc. and the customer directly without involvement of any third party.

In case of any issue, the customers can call and log the issue at the customer help centre which is operated by Doodle India on principal to principal basis. For operation of such customer help centre, Doodle India is paid on cost plus 10% basis by Doodle Inc. on monthly basis.

Further, Doodle India is engaged in promotion and marketing of cloud-based storage services on principal to principal basis in India for Doodle Inc. The payment for such services is made by Doodle Inc. to

Doodle India on monthly basis at cost plus 20%. The promotional and marketing activities are carried out in the name of Doodle Inc., without any reference to operations of Doodle India.

Doodle Inc. owns online space for advertisement on internet. Doodle Inc. has agreed to sell such online advertising space to Doodle India for an amount of ₹ 5,00,00,000 per month. Doodle India sells such advertising space to its customers in India on its own account. The contractual arrangement for sale of such advertising space is between the customer and Doodle India.

Doodle Inc. provides technology support to Doodle India and charges royalty from Doodle India for such technology support at a fixed charge of ₹ 25,00,000 per month. The royalty paid is exclusively related to the business of advertising space of Doodle India.

In addition to above information, during the month of January:

- (I) Doodle India has incurred following expenses:
 - 1. Expenses exclusively related to operation of call centre – ₹ 75,00,000
 - 2. Expenses exclusively related to promotion and marketing services for Doodle Inc. – ₹ 50,00,000
- (II) Doodle India earned an income of ₹ 8,00,00,000 from sale of online advertising space in India.
- (III) Doodle Inc. earned an income of ₹ 10,00,00,000 from non-taxable online recipient customers, from cloud-based storage services in India.

The opening balance of input tax credit for the relevant period for Doodle India is nil.

Note: In the aforesaid case scenario,

- (i) GST is applicable on all inward and outward supplies unless otherwise specified:
 - A. Intra-State supply – 9% CGST and 9% SGST
 - B. Inter-State supply – 18% IGST

- (ii) Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
- (iii) All the amounts are exclusive of GST, wherever applicable, unless otherwise provided.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 3.1. to 3.4. as follows:-

- 3.1. What shall be the output tax payable, without any adjustment of input tax credit, if any, by Doodle India for the month of January?
 - (a) ₹ 1,44,00,000
 - (b) ₹ 2,38,50,000
 - (c) ₹ 1,69,65,000
 - (d) ₹ 1,66,50,000
- 3.2. What shall be the net GST liability of Doodle Inc. for the month of January?
 - (a) Nil
 - (b) ₹ 1,80,00,000
 - (c) ₹ 1,84,50,000
 - (d) ₹ 2,74,50,000
- 3.3. What shall be the total input tax credit of Doodle India from the transactions undertaken in the month of January?
 - (a) Total input tax of ₹ 90,00,000
 - (b) Total input tax of ₹ 1,12,50,000
 - (c) Total input tax of ₹ 1,17,00,000
 - (d) Total input tax of ₹ 27,00,000
- 3.4. Please select the correct statement specifically in relation to sale of online advertisement space service provided by Doodle Inc. to Doodle India:
 - (a) Doodle Inc is providing online information and database access or retrieval service and is thus, required to register

in India under GST and discharge GST on forward charge basis.

- (b) Doodle Inc is providing online information and database access or retrieval service electronically and place of supply in such case is the location of supplier which is outside taxable territory in present scenario. Therefore, no GST is payable on such services.
- (c) Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.
- (d) Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India in capacity of an agent of Doodle Inc.

Answer Key

Question No.	Answer
3.1	(a) ₹ 1,44,00,000
3.2	(b) ₹ 1,80,00,000
3.3	(c) Total input tax of ₹ 1,17,00,000
3.4	(c) Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.

4. XYZ Ltd. is registered with the jurisdictional GST authorities in the State of Rajasthan and operates in multiple businesses. The principal business of XYZ Ltd. is works contract service being provided to the customers by way of fabricating and installing the body for large transportation vehicles. The chassis of the vehicles are provided by the customers to XYZ Ltd. XYZ Ltd. procures the material for fabrication and installs the same on the chassis against a lumpsum agreed amount for material as well as services.

In addition to the above business, XYZ Ltd. is also engaged in providing transportation of goods by road through its own fleet of trucks. GST is chargeable on such services @ 5%.

During the month of January, XYZ Ltd. undertook the following transactions:

- (i) Provided transportation of goods services to A Ltd., a registered person under GST in the State of Gujarat and received an amount of ₹ 10,00,000 as consideration for the same.
- (ii) Purchased tyres for its own fleet of trucks and paid an amount of ₹ 1,00,000 for such purchases.
- (iii) Purchased a machinery with an advance technology for fabrication of body for luxury buses amounting to ₹ 50,00,000. The machinery is installed at XYZ Ltd.'s premises and the same was purchased from B Ltd., a registered person in the State of Rajasthan. B Ltd. procured such machinery from C Ltd., a registered person under GST in the State of Maharashtra. The delivery was made by C Ltd. directly at the premises of XYZ Ltd. and installation work was carried out by the engineers of C Ltd. The amount charged by C Ltd. from B Ltd. was ₹ 42,00,000.
- (iv) XYZ Ltd. procured certain engineering services for its fabrication business through electronic mode from Lummus Inc., a company located in Italy. The consideration paid to Lummus Inc. was ₹ 15,00,000. Further, certain goods were exported by XYZ Ltd. for carrying out repairs work on the same to Lummus Inc. The consideration paid for such goods was ₹ 5,00,000.
- (v) Provided transportation services to ABC Ltd., its related party and received an amount of ₹ 5,00,000. The arm's length amount of such services provided to third party unrelated customers was ₹ 7,00,000.
- (vi) XYZ Ltd. sold scrap relating to fabrication business amounting to ₹ 5,00,000.

- (vii) Purchased goods relating to fabrication business for ₹ 10,00,000 out of which goods worth ₹ 1,00,000 were stolen from the premises of XYZ Ltd.
- (viii) Received an advance of ₹ 10,00,000 for fabrication work on new chassis and ₹ 3,00,000 towards transportation services from W Ltd., a registered person under GST in the State of Madhya Pradesh.

The opening balance of input tax credit for the relevant tax period for XYZ Ltd. is nil. All the above amounts are exclusive of GST, wherever applicable.

The applicable GST rate on all inward and outward supplies is 18% unless specified otherwise. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 4.1. to 4.5.:-

- 4.1. Determine the net outward GST liability, payable in cash, of XYZ Ltd. for the month of January.
 - (a) ₹ 5,40,000
 - (b) ₹ 2,70,000
 - (c) Nil
 - (d) ₹ 7,38,000
- 4.2. What shall be the total eligible input tax credit available to XYZ Ltd. for the month of January?
 - (a) ₹ 10,80,000
 - (b) ₹ 10,62,000
 - (c) ₹ 13,32,000
 - (d) ₹ 9,00,000

- 4.3. Whether Lummus Inc. is required to obtain registration in India to discharge GST liability? If yes, compute the amount of GST liability to be discharged by it in the month of January?
- (a) Yes, as online information database access and retrieval service provider. GST payable is ₹ 3,60,000
- (b) Yes, as online information database access and retrieval service provider. GST payable is ₹ 2,70,000
- (c) No, GST liability of Lummus Inc. is nil.
- (d) Yes, as normal taxpayer. GST payable is ₹ 3,60,000
- 4.4. Determine the GST liability of XYZ Ltd. on transportation of goods services provided to ABC Ltd.
- (a) Nil
- (b) ₹ 90,000
- (c) ₹ 1,26,000
- (d) ₹ 36,000
- 4.5. In case of the machinery sold and fabricated by C Ltd., the place of supply and tax charged shall be:
- (a) Location of C Ltd.; IGST of ₹ 7,56,000
- (b) Location of XYZ Ltd.; IGST of ₹ 7,56,000
- (c) Location of B Ltd.; IGST of ₹ 9,00,000
- (d) Location of C Ltd.; CGST of ₹ 3,78,000 and SGST of ₹ 3,78,000

Answer Key

Question No.	Answer
4.1	(b) ₹ 2,70,000
4.2	(c) ₹ 13,32,000
4.3	(c) No, GST liability of Lummus Inc. is nil.

4.4	(a) Nil
4.5	(b) Location of XYZ Ltd.; IGST of ₹ 7,56,000

5. Varun Associates is a supplier registered under GST in Delhi. It is engaged in manufacture of Product A and Product B. Product A is a taxable product whereas Product B is an exempt product. It is also engaged in manufacture of Product C, a taxable product, which is exported by it to other countries without payment of tax under Letter of Undertaking.

It has furnished following information regarding purchase of the machineries for his manufacturing business:

Date of purchase	Machinery	Amount (₹) (exclusive of taxes)	
1 st April, 2018	Machinery X	10,00,000	Exclusively used for manufacturing Product A
1 st October, 2019	Machinery Y	15,00,000	Exclusively used for manufacturing Product B
1 st May, 2020	Machinery Z	20,00,000	Exclusively used for zero-rated supply of Product C

From 1st April, 2021, Varun Associates started using Machinery Y for manufacturing Product A as well.

All the purchases and sales are inter-State and rate of IGST applicable on all purchases and sales is 18%. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 5.1. to 5.6. as follows:-

- 5.1. The amount of input tax which has been credited to electronic credit ledger during the financial year 2018-19-
- (a) ₹ 1,80,000
 - (b) ₹ 3,60,000
 - (c) ₹ 8,10,000
 - (d) ₹ 5,40,000
- 5.2. The amount of GST, paid on purchase of a machinery, which has not been credited to electronic credit ledger during the financial years 2018-19, 2019-20 and 2020-21 -
- (a) ₹ 6,30,000
 - (b) ₹ 3,60,000
 - (c) ₹ 8,00,000
 - (d) ₹ 2,70,000
- 5.3. Amount of ineligible ITC in respect of Machinery Y, i.e. ' T_{ie} ', as per rule 43 of the CGST Rules, 2017, to be added to the output tax liability is-
- (a) ₹ 4,81,000
 - (b) ₹ 1,89,000
 - (c) ₹ 81,000
 - (d) ₹ 72,000
- 5.4. What is the time-period up to which common credit needs to be computed for Machinery Y?
- (a) 31st March, 2026
 - (b) 30th September, 2024
 - (c) 31st March, 2028
 - (d) 30th September, 2028
- 5.5. The amount of common credit for the month of April, 2021 is-
- (a) ₹ 2,02,500

- (b) ₹ 2,70,000
(c) ₹ 6,30,000
(d) ₹ 4,90,500
- 5.6. How is the amount of common credit attributable to exempt supplies treated under rule 43 of the CGST Rules, 2017?
- (a) It shall be added to output tax liability of Varun Associates.
(b) It shall be reversed by Varun Associates.
(c) 50% of common credit attributable to exempt supplies shall be reversed by Varun Associates and remaining 50% shall be added to output tax liability.
(d) It shall lapse.

Answer Key

Question No.	Answer
5.1	(a) ₹ 1,80,000
5.2	(d) ₹ 2,70,000
5.3	(c) ₹ 81,000
5.4	(b) 30 th September, 2024
5.5	(b) ₹ 2,70,000
5.6	(a) It shall be added to output tax liability of Varun Associates.

6. M/s Gopi Narayan & Company is a partnership firm of advocates, registered under GST in Mumbai, Maharashtra. In the month of April, the firm has supplied services amounting to ₹ 15 lakh. The following information is provided in relation to the some of the services provided:

S. No	Particulars	Value of service (₹)
1.	Herbal Power (P) Ltd. (Registered in Telangana in the preceding financial year under section 22 of the CGST Act, 2017) Provided consultation for preparation of an affidavit in relation to construction of a hotel building in the State of Maharashtra.	50,000
2.	Veranta India (P) Ltd. (Registered in Gujarat in the preceding financial year under section 22 of the CGST Act, 2017) Filed a suit in the Gujarat High Court on behalf of the company.	200,000
3.	Ms. Saloni (Registered under GST as a salon service provider in Maharashtra in the preceding financial year under section 22 of the CGST Act, 2017) Service amounting to ₹ 1 lakh was provided in the month of February for which invoice was issued on 15 th February. However, payment is made by the client on 5 th April. The firm has charged ₹ 10,000 as penalty for delayed payment of consideration. Said penalty is also paid by the client on 5 th April. Apart from this, the firm had paid ₹ 20,000 as attestation charges on behalf of the client which were reimbursed by the client in the month of February itself.	-

Note: The turnover of M/s Gopi Narayan & Company in the previous financial year was ₹ 50 lakh. The firm is engaged solely in providing legal services and it does not import/export any services from/to outside India.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6.1 to 6.4 as follows:-

- 6.1. Whether the service provided to Veranta India (P) Ltd. is exempt under GST? If not, whether tax is payable under reverse charge?
- (a) Yes, all services provided by an advocate firm are exempt from GST.
 - (b) No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. However, tax shall be payable by M/s Gopi Narayan & Company under forward charge.
 - (c) Yes, any service provided by an advocate firm to a business entity is exempt under GST.
 - (d) No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. Further, tax shall be payable by Veranta India (P) Ltd. under reverse charge.
- 6.2. What shall be the time of supply for supplies made to Ms. Saloni in respect of original amount ₹ 1 lakh and penalty amount of ₹ 10,000?
- (a) For whole amount of ₹ 1,10,000: 15th February
 - (b) For ₹ 1 lakh: 15th February and for ₹ 10,000: 5th April
 - (c) For whole amount of ₹ 1,10,000: 5th April
 - (d) For ₹ 1 lakh: 15th April and for ₹ 10,000: 5th April
- 6.3. What shall be the value of supply provided to Ms. Saloni in terms of section 15 of the CGST Act, 2017?
- (a) ₹ 110,000
 - (b) ₹ 100,000

- (c) ₹130,000
- (d) ₹ 120,000

6.4. Which of the following statements is/are correct in law?

- (i) M/s Gopi Narayan & Company is eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.
 - (ii) M/s Gopi Narayan & Company is not eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.
 - (iii) M/s Gopi Narayan & Company is eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.
 - (iv) M/s Gopi Narayan & Company is not eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.
- (a) (i)
 - (b) (i) and (iv)
 - (c) (ii) and (iv)
 - (d) (ii) and (iii)

Answer Key

Question No.	Answer
6.1	(d) No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. Further, tax shall be payable by Veranta India (P) Ltd. under reverse charge.
6.2	(c) For whole amount of ₹ 1,10,000: 5 th April
6.3	(a) ₹ 110,000
6.4	(c) (ii) and (iv)

7. Jain Bhagwan (P) Ltd. deals in supply of air conditioners (ACs). It also undertakes installation of ACs at the premises of the client. The company has provided the following details for the month of February:

Date	Transaction
2 nd February	Supply and installation of 10 ACs at the newly established office of M/s Ram Mohan & Associates, a CA firm, registered under GST in New Delhi. The company charged ₹ 21,000 per AC from the CA firm.
15 th February	Service of installation of 15 ACs at Mr. Varun's Mansion in Chandigarh. Mr. Varun is an individual and is unregistered. The company has charged ₹ 2,000 per installation. The company forgot to issue the invoice for the service. However, payment was received in advance on 13 th February.
20 th February	Received advance of ₹ 2,00,000 from Sunshine Ltd. for installation of AC at its factory in Bawana, Delhi on 28 th February. The invoice is issued on the date of provision of service, i.e., on 28 th February. The client is registered under GST in New Delhi.

Other relevant information:

- Standard price charged:
 Air Conditioner: ₹ 20,000 per piece
 Service of installation of air conditioner: ₹ 2,000 per installation
 AC + Installation: ₹ 21,000 per piece
- Applicable rate of taxes:

Date of transaction	Applicable rate of GST on supply of air conditioner	Applicable rate of GST on supply of service of installation of air conditioner
Before 22 nd February	18%	5%
On or after 22 nd February	12%	12%

3. Jain Bhagwan (P) Ltd. is registered under GST in Delhi.
4. One order for supply of 100 ACs in Hongkong has been received by the company. The company is unable to determine the time and value of supply for this supply.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 7.1. to 7.4. as follows:-

- 7.1. What rate of tax should the company charge on supply made to M/s Ram Mohan & Associates?
 - (a) 18%
 - (b) 5%
 - (c) 18% on AC value and 5% on installation value
 - (d) 12%
- 7.2. What is the time of supply of service provided to Mr. Varun?
 - (a) 15th February
 - (b) 16th February
 - (c) 13th February
 - (d) 14th February
- 7.3. Sunshine Ltd. contended that GST should be charged @ 12% since supply is made after change in rate of tax. Advise whether the contention of Sunshine Ltd. is valid as per GST law.
 - (a) No. Since payment has been received before the change in rate of tax, old rate shall be applicable.
 - (b) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.
 - (c) No. Since time of supply shall be earlier of date of receipt of payment and date of issue of invoice, old rate shall be applicable.

- (d) Yes. Since provision of service is after change in rate of tax, new rate shall be applicable. Date of invoice is not relevant.
- 7.4. Since Jain Bhagwan (P) Ltd. is unable to determine the time and value of supply of air conditioners to be supplied in Hongkong, it decides to seek the advance ruling in the given case. Which of the following statements are true in this regard?
- (a) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).
- (b) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time of supply of air conditioners, but advance ruling cannot be sought for determining the value of supply of air conditioners. Order of AAR is final and cannot be appealed against.
- (c) Jain Bhagwan (P) Ltd. cannot seek advance ruling to determine the time and value of supply of air conditioners.
- (d) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. Order of AAR is final and cannot be appealed against.

Answer Key

Question No.	Answer
7.1	(a) 18%
7.2	(c) 13 th February

7.3	(b) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.
7.4	(a) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).

8. Bright Public School, New Delhi, under the aegis of Bright Minds Society, has provided/received following services/supplies in the month of March:

1. Provided transportation services to its students, teachers and other staff for commuting to and from school. Such transportation services are provided to Bright Public School by Ambaji Transporters.

An amount of ₹ 1,500 per month is charged from students whereas such services are provided free of cost to teachers and other staff, being part of their employment contract. Consolidated amount of ₹ 2 lakh per month is paid to Ambaji Transporters.

2. It conducted entrance examination for students of Class 11 for upcoming academic year. It charged entrance fee of ₹ 1,000 from external students and nominal entrance fee of ₹ 200 was charged from internal students at school. A total of 2000 students gave entrance exam out of which 1000 were internal students.
3. The school was an examination centre for Class XII Examination conducted on 27th March. A sum of ₹ 15,000 was received from the Central Board of Secondary Education (CBSE) for hosting the examination in school premises.

4. Bright Public School also provides boarding and lodging facilities to its students belonging to other cities of India. A consolidated amount of ₹ 1,75,000 per annum is charged per student as a consideration for educational services as well as for services of boarding and lodging provided to them.

Note: The above amounts are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 8.1. to 8.5.:-

- 8.1. Choose the most appropriate option in relation to service of transportation of students, teachers and other staff provided by Bright Public School:

- (a) The amount of ₹ 1,500 charged per student is a supply in terms of section 7 of the CGST Act, 2017 and GST is payable on the same.
- (b) The transportation services provided to students, teachers, other staff is exempt from GST.
- (c) The transportation services provided to students is not a supply as it has been specifically exempted from GST under section 11 of the CGST Act, 2017.
- (d) Transportation services provided to teachers and staff are exempt from GST. However, since ₹ 1,500 is being charged from students for their transportation, it is not an exempt supply and GST is payable on the same.

- 8.2. Choose the most appropriate option in relation to entrance fee charged by Bright Public School from the students:

- (a) No GST is leviable on entrance fee charged from internal students. However, GST is payable by school on entrance fee charged from outside students as it is a service in relation to entrance examination provided to outsiders who are not students of school and therefore, supply is not eligible for exemption.

- (b) GST is payable on whole of the consideration received from students (internal and external both) as only services provided to educational institution relating to admission or conduct of examination are exempt and not the services provided by educational institution for conduction examination.
 - (c) No GST is payable on consideration of ₹ 12,00,000 received from students in the form of entrance exam fee as such amount is exempt from GST. However, it still qualifies to be a supply as per the CGST Act, 2017 and needs to be reported in the return for the month of May as exempt supply.
 - (d) Since, entrance exam fee is received for admission to the upcoming academic session, the amount of consideration needs to be amortized over the year and value of such supply would be reported in the respective month as nil rated supply.
- 8.3. Choose the most appropriate option in relation to Bright Public School being an examination centre for conducting conduct of Class XII examination:
- (a) It is not an exempt supply under section 11 of the CGST Act, 2017 as services are provided to CBSE which is not an educational institution (but a governing body) as per the provisions of the Act.
 - (b) It is an exempt supply under section 11 of the CGST Act, 2017 as CBSE is treated as educational institution for the limited purpose of providing services by way of conduct of examination to the students.
 - (c) It is not an exempt supply under section 11 of the CGST Act, 2017 as only those services provided by an educational institute by way of conduct of examination are exempt which are provided against consideration in the form of entrance fee.

- (d) There is no exemption for services provided by an educational institution for conduct of examination.
- 8.4. Choose the most appropriate option in relation to boarding and lodging facilities provided by Bright Public School in addition to educational services and consideration charged thereto:
- (a) It is a composite supply where the principal supply is educational services. Since the principal supply is exempt, the entire consideration of ₹ 1,75,000 is also exempt from tax.
- (b) It is a composite supply where the principal supply is that of boarding and lodging services and educational services are incidental to boarding and lodging services. Therefore, the tax is payable at the rate applicable to principal supply, i.e., boarding and lodging services.
- (c) It is a mixed supply where educational services and boarding and lodging services are independent of each other. Therefore, the tax is payable at the highest rate of tax applicable among these supplies.
- (d) It is a mixed supply where educational services and boarding and lodging services are independent of each other. Since educational services are exempt, the tax is payable at the rate of tax applicable on boarding and lodging services.
- 8.5. Choose the most appropriate option in relation to supply of service by Ambaji Transporters to Bright Public School:
- (a) GST is payable on the services provided by Ambaji Transporters as they are covered under section 9(3) of the CGST Act, 2017 which includes services by a transporter.
- (b) GST is not payable on the services provided by Ambaji Transporters as services provided by it do not qualify as supply under the CGST Act, 2017.

- (c) GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. However, section 9(3) of the CGST Act, 2017 overrides all other provisions of the CGST Act, 2017 which are contrary to it, thereby making Ambaji Transporter liable to pay GST.
- (d) GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. Tax is not payable on reverse charge basis on the same under section 9(3) of the CGST Act, 2017.

Answer Key

Question No.	Answer
8.1	(b) The transportation services provided to students, teachers, other staff is exempt from GST.
8.2	(c) No GST is payable on consideration of ₹ 12,00,000 received from students in the form of entrance exam fee as such amount is exempt from GST. However, it still qualifies to be a supply as per the CGST Act, 2017 and needs to be reported in the return for the month of May as exempt supply.
8.3	(b) It is an exempt supply under section 11 of the CGST Act, 2017 as CBSE is treated as educational institution for the limited purpose of providing services by way of conduct of examination to the students.
8.4	(a) It is a composite supply where the principal supply is educational services. Since the principal supply is exempt, the entire

	consideration of ₹ 1,75,000 is also exempt from tax.
8.5	(d) GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. Tax is not payable on reverse charge basis on the same under section 9(3) of the CGST Act, 2017.

9. M/s Harimukund Hardwares, a partnership firm registered under GST in the State of Uttar Pradesh, is engaged in the supply of door and window fittings across India. In the month of October, it made following outward supplies:

Name of Receiver (State)	Taxable value (₹)	Date of invoice	Date of receipt of payment	Date of removal of goods
M/s Nand Kishore Traders (Haryana)	5,75,000	10 th October	25 th October	10 th October
M/s Charanjot Hardwares & Fitters (Punjab)	3,25,000	12 th October	10 th November	10 th October
M/s Rana Singh Ji Hardware Products (Rajasthan)	2,70,000	17 th October	12 th October	20 th October
M/s Annapurair Hardwares (Karnataka)	3,75,000	18 th October	29 th November	19 th October

The applicable tax rate on supply of above goods is 18%. Goods are generally received by parties in Punjab, Haryana & Rajasthan on 2nd day from the date of removal whereas it takes 5 days to reach Karnataka.

M/s Harimukund Hardwares gives 2% cash discount to its customers wherever the payment is received in advance or within 15 days of the

date of removal of goods and the respective credit note is also issued immediately. The buyer also takes the necessary legal action with respect to such credit note immediately.

To supply such goods, it received services from a local transporter namely, M/s Khatushyam Transporters (unregistered), who raised consolidated invoice for ₹ 1,00,000 on 22nd October for which payment was made on 27th December along with payment for the month of November.

Applicable tax rate on transport services is CGST @ 2.5% and SGST @ 2.5%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 9.1. to 9.5.:-

- 9.1. What is the time of supply of goods in case of goods supplied to M/s Charanjot Hardwares & Fitters?
 - (a) 12th October
 - (b) 10th October
 - (c) 10th November
 - (d) 14th October

- 9.2. What is the time of supply of goods in case of goods supplied to M/s Rana Singh Ji Hardware Products?
 - (a) 17th October
 - (b) 12th October
 - (c) 20th October
 - (d) 22nd October

- 9.3. What is the time of supply in case of services supplied by M/s Khatushyam Transporters?
 - (a) 22nd October
 - (b) 27th December
 - (c) 10th October, 19th October and 20th October
 - (d) 22nd December

- 9.4. What is the gross tax liability attributable to outward supplies of M/s Harimukund Hardwares for the month of October?
- (a) IGST = ₹ 2,75,060, CGST = Nil, SGST= Nil
 (b) IGST = ₹ 2,78,100, CGST = ₹ 2,500, SGST= ₹ 2,500
 (c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil
 (d) IGST = ₹ 2,75,058, CGST = ₹ 2,500, SGST= ₹ 2,500
- 9.5. The total value of supply in the above scenario on which M/s Harimukund Hardwares is liable to pay tax is-
- (a) ₹ 16,28,100
 (b) ₹ 16,39,100
 (c) ₹ 15,45,000
 (d) ₹ 15,39,600

Answer Key

Question No.	Answer
9.1	(b) 10 th October
9.2	(a) 17 th October
9.3	(d) 22 nd December
9.4	(c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil
9.5	(a) ₹ 16,28,100

10. ABC Pvt. Ltd., a company registered under GST, manufactures products which are used in laboratories. The products are manufactured in the company's factory located in Lucknow, Uttar Pradesh and sold in various parts of Uttar Pradesh. The company also provides repair and maintenance services for its products. The details of turnover of the company are as under:

Particulars	F.Y. - 1 (₹)	F.Y.- 2 (₹)
Turnover from supply of goods	75,00,000	1,02,00,000

Turnover from supply of services	7,10,000	9,25,000
Interest income from extending loans to others	5,25,000	6,26,000

The company procures service of M/s Ram Enterprises, a Goods Transport Agency, having its place of business in Lucknow, Uttar Pradesh, for transport of goods from its factory to customers' location. M/s Ram Enterprises prepares a regular consignment note containing the details of consignor and consignee and other prescribed details. The services provided by M/s Ram Enterprises are chargeable to tax @ 5%.

Following details are provided by ABC Pvt. Ltd. for the month of July of FY-3 (current FY):

S.No.	Particulars	Amount (₹)
(i)	Turnover of supply of goods	10,20,000
(ii)	Turnover of supply of services	92,550
(iii)	Interest income from extending deposit to others	5,000
(iv)	Amount charged for services received from M/s Ram Enterprises	50,000
(v)	Raw material received from other States	5,26,000
(vi)	Input services received	7,80,900

Following additional information is also provided:

- (1) The raw material received by ABC Pvt. Ltd. mentioned in point (v) above includes goods amounting to ₹ 2,26,000 received from M/s Aakash Enterprises on the instructions received from M/s Abhijaat Enterprises. M/s Aakash Enterprises has its principal place of business in Uttar Pradesh whereas M/s Abhijaat Enterprises has its principal place of business in Gujarat.
- (2) Vidhata Foundation, a Charitable Trust, registered under section 12AA of the Income Tax Act, 1961 has been set up by the founders of ABC Pvt. Ltd. for conducting charitable activities in the State of Uttar Pradesh. The Trust organises sessions on

yoga and spirituality in the State of Uttar Pradesh and charges participation fees for the same. The total fees collected from participants for the month of July of current FY is ₹ 2,50,000. The input services received by the Trust during the said month amount to ₹ 1,25,260. The Trust is also analysing the proposal of granting rights to ABC Pvt. Ltd. to advertise on its premises.

Following GST rates are applicable on the inward and outward supplies unless otherwise specified:

Particulars	CGST	SGST	IGST
Outward supply	9%	9%	18%
Inward supply	6%	6%	12%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 10.1. to 10.5.:-

- 10.1. Whether the service provided by M/s Ram Enterprises to ABC Pvt. Ltd. is chargeable to tax. If yes, who will discharge the tax liability?
- The service is chargeable to tax and M/s Ram Enterprises will bear the tax liability.
 - The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.
 - The service is exempt under the CGST Act, 2017.
 - The service is chargeable to tax and M/s Ram Enterprises and ABC Pvt. Ltd. will discharge the tax liability in the ratio of 1:1.
- 10.2. Whether ABC Pvt. Ltd. could have opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 for current financial year?
- Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year.
 - No, it could not have opted for composition levy.

- (c) Yes. However, it could have provided services up to ₹ 5,00,000 under composition levy during the current financial year.
- (d) Yes. However, it could have provided services up to ₹ 11,75,100 under composition levy during the current financial year.
- 10.3. Assuming ABC Pvt. Ltd. has opted for composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017, what shall be the total GST liability of ABC Pvt. Ltd. in the State of Uttar Pradesh for the month of July?
- (a) No liability, ITC of 1,56,828 will be carried forward.
- (b) ₹ 45,931
- (c) ₹ 13,626
- (d) ₹ 2,02,759
- 10.4. Which of the following statement is incorrect in case of Vidhata Foundation?
- i. Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt, they are chargeable under GST.
- ii. All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AA of the Income-tax Act, 1961.
- iii. Fees charged for sessions on yoga and spirituality are exempt since the objective of such programmes is advancement of yoga and spirituality.
- (a) i & ii
- (b) i
- (c) iii
- (d) ii
- 10.5. What shall be the place of supply (POS) for the supply transaction(s) between ABC Pvt. Ltd., M/s Abhijaat Enterprises

and M/s Aakash Enterprises and the nature of tax leviable thereon?

- (a) POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of ABC Pvt. Ltd., i.e. Lucknow, Uttar Pradesh and IGST is leviable on such supply.
- (b) POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Akash Enterprises, i.e. Uttar Pradesh and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and CGST and SGST are leviable on such supply.
- (c) POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and CGST and SGST are leviable on such supply.
- (d) POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and IGST is leviable on such supply.

Answer Key

Question No.	Answer
10.1	(b) The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.

10.2	(a)	Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year.
10.3	(c)	₹ 13,626
10.4	(d)	ii
10.5	(a)	POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of ABC Pvt. Ltd., i.e. Lucknow, Uttar Pradesh and IGST is leviable on such supply.

11. GQF Private Limited, registered under GST in the State of Maharashtra, is engaged in manufacturing of goods which are used for further production in automobile industry. The company sends some semi-finished inputs to job workers, M/s Yamuna Enterprises and M/s Jamuna Enterprises, for necessary processing. The processed goods are sent back by the job workers to the company where they are used for manufacturing the finished products.

M/s Yamuna Enterprises has its place of business in Maharashtra. M/s Jamuna Enterprises has its place of business in the State of Madhya Pradesh viz. 35 km away from the place of business of GQF Private Limited.

The company imports some raw material and stores the same for few months in the warehouse operated by M/s Gajanan Enterprises in the State of Tamil Nadu. Later on, it is transported to the company's factory in Maharashtra. M/s Gajanan Enterprises is not registered under GST. The aggregate turnover of M/s Gajanan Enterprises for the current financial year is ₹ 18,25,000.

The company maintains all the records, documents and books of accounts at its place of business in Maharashtra.

Following are the relevant details of GQF Private Limited for the month of August.

Particulars	Amount (₹)
Total turnover	36,00,000
Total inputs received during the month	21,12,000
Total input services received during the month	8,99,000
Goods sent to M/s Yamuna Enterprises during the month for job work purpose by motor vehicle	75,000
Goods sent to M/s Jamuna Enterprises during the month for job work purpose by motor vehicle	46,800

Note: All afore-mentioned amounts are exclusive of GST, wherever applicable.

GQF Private Limited procures the service of M/s Speedofast Enterprises, a goods transport agency, having its place of business in Maharashtra. GQF Private Limited transports its finished goods to different customers located in the State through M/s Speedofast Enterprises. M/s Speedofast Enterprises prepares a consignment note containing the details of consignor and consignee, value of consignment, vehicle number, details of party paying the taxes etc.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 11.1. to 11.5.:-

- 11.1. M/s Gajanan Enterprises, owner of warehouse in Tamil Nadu, wishes to know as whether it is required to obtain registration under GST to conduct its business. Which of the following statements is true in this regard?
- (a) Yes, being a warehouse operator, M/s Gajanan Enterprises has to compulsorily take GST registration to conduct the business irrespective of the quantum of aggregate turnover.
 - (b) No, M/s Gajanan Enterprises is not required to take registration under GST as its aggregate turnover is below

the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.

- (c) M/s Gajanan Enterprises is neither required to obtain registration nor unique enrolment number under GST to conduct business.
- (d) Yes, M/s Gajanan Enterprises is required to take registration compulsorily under GST. Further, it is also required to obtain a unique enrolment number under GST as its aggregate turnover is more than ₹ 10 lakh.

11.2. GQF Private Limited is required to keep and maintain its books of accounts or other records:

- (a) for 5 years from the due date of furnishing of Annual Return for the year pertaining to such accounts and records.
- (b) for 72 months from the due date of furnishing of Annual Return for the year pertaining to such accounts and records.
- (c) for 72 months from the end of respective financial year.
- (d) for 8 years from the end of respective financial year.

11.3. Whether GQF Private Limited is required to generate e-way bill in case of transfer of goods to M/s Jamuna Enterprises?

- (a) No, as the value of the consignment is within the prescribed limit of ₹ 50,000.
- (b) No, as the movement of goods is within the prescribed distance limit of 50 Kms.
- (c) Yes, e-way bill is required to be generated irrespective of the value of the consignment.
- (d) Yes, a registered person has to generate e-way bill for every movement of goods.

- 11.4. M/s Speedofast Enterprises wants to transport multiple consignments in a single conveyance. These consignments are of different consignors and consignees and individual e-way bills (EWBs) with different validity periods have been generated for these consignments. Can M/s Speedofast Enterprises generate one consolidated e-way bill for such multiple consignments?
- (a) No, M/s Speedofast Enterprises cannot generate a consolidated e-way bill containing the details of different EWBs since all the EWBs have different validity periods.
 - (b) Yes, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and even if it is transporting consignments of different consignors and consignees in a single conveyance.
 - (c) No, M/s Speedofast Enterprises cannot generate a consolidated e-way bill since it is transporting consignments of different consignors and consignees in a single conveyance.
 - (d) There are no provisions to generate a consolidated e-way bill under the GST law.
- 11.5. M/s Speedofast Enterprises wants to update Part B of the e-way Bill. Can it update the same? If yes, then within what time span is it required to do so?
- (a) Yes, within 15 days from the generation of unique e-way bill number
 - (b) Yes, within 24 hours from the generation of the unique e-way bill number
 - (c) Yes, within 7 days from the generation of the unique e-way bill number
 - (d) No, once unique e-way bill is generated, Part B of the same cannot be updated.

Answer Key

Question No.	Answer
11.1	(b) No, M/s Gajanan Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.
11.2	(b) for 72 months from the due date of furnishing of Annual Return for the year pertaining to such accounts and records.
11.3	(c) Yes, e-way bill is required to be generated irrespective of the value of the consignment.
11.4	(b) Yes, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and it is transporting consignments of different consignors and consignees in a single conveyance.
11.5	(a) Yes, within 15 days from the generation of unique e-way bill number

12. GSP Pvt. Ltd. has started its business in the month of August. It is engaged in supply of machines required for various industries along with related services. The machines are assembled and installed at the customer's premises. It has its head office in Mumbai, Maharashtra and branches in the States of Delhi, Karnataka, Madhya Pradesh, Uttarakhand and Tamil Nadu.

The turnover of GSP Pvt. Ltd. in the month of August is as under:

State	Intra-State taxable supplies (value exclusive of taxes)	Value of inward supplies on which reverse charge mechanism is applicable
Maharashtra	₹ 2,44,000	₹ 1,06,000
Delhi	₹ 3,65,560	₹ 1,50,690
Karnataka	₹ 3,60,480	₹ 1,01,250
Madhya Pradesh	₹ 4,83,440	₹ 1,40,220
Uttarakhand	₹ 3,10,600	₹ 95,500
Tamil Nadu	₹ 2,09,560	₹ 80,560

The following details for the month of December are provided by GSP Pvt. Ltd.:-

State	Taxable value of supply of machinery	Taxable value of installation service	Taxable value of inputs	Taxable value of input services
Maharashtra	₹25,00,000	₹3,00,000	₹9,80,000	₹5,60,000
Delhi	₹20,00,000	₹2,40,000	₹7,84,000	₹4,48,000
Karnataka	₹19,00,000	₹2,28,000	₹7,44,800	₹4,25,600
Madhya Pradesh	₹22,50,000	₹2,70,000	₹8,82,000	₹5,04,000
Uttarakhand	₹12,20,000	₹1,46,400	₹4,78,240	₹2,73,280
Tamil Nadu	₹24,20,000	₹2,90,400	₹9,48,640	₹5,42,080

Notes:

- Applicable rates of GST are as follows:

Particulars	CGST	SGST	IGST
Outward supply of machinery	9%	9%	18%
Outward supply of installation service	9%	9%	18%

Inward supply of goods	6%	6%	12%
Inward supply of services	9%	9%	18%

2. All the above transactions are exclusive of GST, wherever applicable.
3. There is no other inward or outward supply transaction for GSP Pvt. Ltd. in the relevant months apart from the aforementioned transactions.
4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 12.1. to 12.5.:-

- 12.1. Whether GSP Pvt. Ltd. is required to take registration under GST in the month of August? What is the threshold limit of turnover for GSP Pvt. Ltd. to obtain registration?
 - (a) Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 20,00,000.
 - (b) Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective the quantum of its aggregate turnover.
 - (c) No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration in Uttarakhand is ₹10,00,000 and for other States /Union Territories (where it has operations) is ₹ 20,00,000.
 - (d) Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 40,00,000.
- 12.2. Assuming that GSP Pvt. Ltd. also has a branch in the State of Tripura with turnover of intra-State taxable supplies of ₹ 11,20,250 in the month of August, state whether the company is required to take registration in the said month? What will be the threshold limit of turnover for GSP Pvt. Ltd. to obtain registration now?

- (a) Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective of its turnover.
- (b) No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 10,00,000.
- (c) Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 20,00,000.
- (d) No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration in Tripura is ₹ 10,00,000 and for other States/Union Territories (where it has operations) is ₹ 20,00,000.
- 12.3. What shall be the net GST payable for the month of December in the State of Maharashtra provided the machinery has been installed at customer's site at Kanpur (U.P.) and the parts of the machinery are manufactured at factory located in Mumbai and dispatched from Mumbai, Maharashtra? Assume that all inputs and input services are procured from within the State. The invoice is raised by Mumbai Branch of GSP Pvt. Ltd.
- (a) IGST ₹ 2,85,600
- (b) CGST ₹ 1,42,800 & SGST ₹ 1,42,800
- (c) IGST ₹ 5,04,000
- (d) IGST ₹ 1,42,800
- 12.4. The supply of machinery and supply of service of installation of machinery is a _____ supply and the applicable tax rate shall be the rate of tax applicable on _____.
- (a) mixed, principal supply
- (b) mixed, supply having highest volume
- (c) composite, principal supply
- (d) composite, supply having highest rate
- 12.5. GSP Pvt. Ltd. has received an order for supply of machinery from Auto Wheels Pvt. Ltd. GSP Pvt. Ltd. has delivered the parts

manufactured at factory located in Mumbai and installed the same at the site of Auto Wheels Pvt. Ltd. which is located in Madhya Pradesh. Mumbai Branch of GSP Pvt. Ltd. has raised an invoice on the registered office of Auto Wheels Pvt. Ltd. which is located in Mumbai, Maharashtra. What shall be the place of supply (POS) of the transaction and the type of GST to be charged?

- (a) POS – Maharashtra, IGST
- (b) POS - Madhya Pradesh, IGST
- (c) POS - Maharashtra, CGST & SGST
- (d) POS – Madhya Pradesh, CGST & SGST

Answer Key

Question No.	Answer
12.1	(b) Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective of its turnover.
12.2	(a) Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective of its turnover.
12.3	(a) IGST ₹ 2,85,600
12.4	(c) composite, principal supply
12.5	(b) POS - Madhya Pradesh, IGST

13. XYZ Logistics Limited (XLL) is into warehousing and logistics business. It has two Container Freight Stations (CFS): one at Inland Container Depot (ICD) Dadri, Uttar Pradesh and other at ICD Tughlakabad, Delhi. XLL is also engaged in the business of freight forwarding and multimodal transportation. Intermittently, XLL also deals in trading of goods, primarily in export to countries outside India.

XLL started its operations on 30th June by setting up head/ corporate office in Gurgaon, Haryana and two CFS at U.P. and Delhi. Services as well as invoicing to customers was done from Delhi and U.P. unit only. Top management was placed at the head office for the management of the company.

The aggregate turnover of the XLL's Delhi unit crossed ₹ 20 lakh on 31st October. It applied for GST registration for Delhi on 25th November. Registration was granted on 7th December. GST in respect of stock of goods at Delhi as on 30th October was ₹ 50 lakh, on 25th November was ₹ 40 lakh and on 7th December was ₹ 20 lakh.

The primary business of XLL is container handling service of import/export containers. In July next year, a shipper placed a work order on XLL for handling of an export container from ICD Tughlakabad to Dubai UAE, through Nhava Sheva seaport in Mumbai. XLL was responsible for stuffing goods in containers at ICD, assisting in obtaining customs clearance, and transportation of goods from ICD to seaport. XLL requested the customer to issue e-way bill for the movement of customs sealed containers from ICD to seaport as the value of goods in container exceeded ₹ 50,000. However, the customer denied issuing e-way bill stating that the responsibility to issue the same is on the person who arranges the transport of goods. Consequently, the management of XLL issued e-way bill with the assistance of a consultant.

There is a green cess that is applicable on the goods handled through CFS for exports outside India. XLL as a policy deposits green cess with the Government in the name of the customer and recovers such cess at actuals from the customer.

Few customers of XLL are based out of Nepal & Bhutan. It provides container handling services for their containers/ cargo which are in transit to Nepal or Bhutan. It receives consideration from Nepal/ Bhutan customers in INR (₹).

All the above amounts are exclusive of GST, wherever applicable. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 13.1. to 13.5.:-

- 13.1. Which of the following statements is correct regarding eligibility of ITC on opening stock at the time of new registration?
- (a) XLL can avail credit of ₹ 50 lakh.
 - (b) XLL can avail credit of ₹ 40 lakh.
 - (c) XLL can avail credit of ₹ 20 lakh.
 - (d) XLL cannot avail credit on opening stock.
- 13.2. Which of the following statements is correct regarding GST registration by XLL?
- (a) XLL was liable for registration of only Delhi unit.
 - (b) XLL was liable for registration of Delhi and UP units.
 - (c) XLL was liable for registration of Delhi, UP and Haryana units.
 - (d) XLL was liable for normal registration at Delhi and UP unit, and ISD registration at Haryana unit.
- 13.3. Which of the following statements is correct regarding generation of e-way bill for movement from ICD Tughlakabad to Nhava Sheva seaport in Mumbai?
- (a) E-way bill was not required to be generated since goods were being transported from ICD to seaport.
 - (b) E-way bill was mandatorily required to be generated irrespective of the value of the goods being transported as such goods were being transported from ICD to seaport.
 - (c) E-way bill was required to be generated since the value of goods being transported exceeded ₹ 50,000.
 - (d) E-way bill was rightfully issued by XYZ Logistics Limited being the transporter of goods.

- 13.4. Which of the following statements is correct regarding value of container handling services provided by the company?
- (a) Value of the taxable container handling services should exclude transportation cost and green cess.
 - (b) Value of the taxable container handling services should exclude green cess but include transportation cost.
 - (c) Value of the taxable container handling services should exclude transportation cost but include green cess.
 - (d) Value of the taxable container handling services should include transportation cost and green cess.
- 13.5. Which of the following statements is correct regarding invoicing to Nepal/ Bhutan customers?
- (a) GST is not chargeable on container handling services provided to Nepal/ Bhutan customers as the place of supply of such services is outside India.
 - (b) GST is not chargeable on container handling services provided to Nepal/ Bhutan customers as the same qualifies as export of service.
 - (c) GST is not payable on container handling services provided to Nepal/ Bhutan customers as the supply of services associated with transit cargo to Nepal and Bhutan are exempt services.
 - (d) GST is chargeable on container handling services provided to Nepal/ Bhutan customers.

Answer Key

Question No.	Answer
13.1	(a) XLL can avail credit of ₹ 50 lakh.
13.2	(c) XLL was liable for registration of Delhi, UP and Haryana units.

13.3	(a)	E-way bill was not required to be generated since goods were being transported from ICD to seaport.
13.4	(b)	Value of the taxable container handling services should exclude green cess but include transportation cost.
13.5	(c)	GST is not payable on container handling services provided to Nepal/ Bhutan customers as the supply of services associated with transit cargo to Nepal and Bhutan are exempt services.

14. Mr. Mahesh, a registered person under GST, is engaged in textile business in the State of Gujarat. He wants to supply textiles with traditional Indian designs. So, he availed designing services from Mr. Manoj (Grandfather of Mr. Mahesh) in South Africa without any consideration. He also availed architect services from Mr. Murali (Brother of Mr. Mahesh) in London for ₹ 2 lakh for his personal purposes. Mr. Manoj is a reputed freelance textile designer in South Africa and Mr. Murali is an architect of high repute in London.

For producing the goods as per the traditional Indian designs, he needs to purchase & install an 'Automatic Zig-Zag Electric Sewing Machine'. On 3rd May, Mr. Mahesh raised a purchase order for Sewing Machine on KUSHA Pvt Ltd. (registered supplier in Andhra Pradesh) for an amount of ₹ 2 crores. The rates of GST on various dates of the transaction are as follows:

Date	Particulars	Rate of IGST
06 th June	Sewing machine is installed & accepted by Mr. Mahesh	18%
15 th June	Date of invoice	18%
03 rd August	Payment details are entered in the books of KUSHA Pvt Ltd	28%
09 th August	Payment is credited to the bank account of KUSHA Pvt Ltd	28%
(Note: The rate has been changed from 18% to 28% with effect from 01 st August)		

From the next financial year onwards, Mr. Mahesh intends to provide ancillary services relating to textiles like dyeing and designing & also intends to avail the composition scheme. The details of turnover & GST payable during the current financial year & the budgeted figures for the next financial year are as follows:

Particulars	Current financial year (₹)	Next financial year (₹)
Taxable supplies (excluding GST)	55,00,000	77,00,000*
Exempt supplies (exempt by way of a notification)	45,00,000	37,00,000
IGST (paid on outward supplies)	5,000	7,000
CGST	15,000	17,000
SGST	15,000	17,000

*including supply of services of ₹ 4,00,000.

On the occasion of 'Birth anniversary of Mahatma Gandhi', Mr. Mahesh received a contract for supply of Indian traditional clothes for an amount of ₹ 10,00,000 (exclusive of taxes) from XYZ Ltd., a State - owned enterprise. It has its registered office at Delhi and it is registered under GST only in the Union Territory of Delhi. It intends to celebrate the birth anniversary of Mahatma Gandhi by distributing such clothes to the people in the city of Porbandar, Gujarat – birthplace of Mahatma Gandhi. As per the terms of the contract, the delivery of clothes should be made at Porbandar. Mr. Mahesh supplied the goods as per the contract & received the payment.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 14.1. to 14.4.:-

- 14.1. In respect of the services imported by Mr. Mahesh, which of the following services are considered as supply under section 7 of the CGST Act, 2017?

- (a) Designing services received from Mr. Manoj in South Africa without any consideration
 - (b) Architect services received from Mr. Murali in London for ₹ 2 lakh for personal purposes
 - (c) Both the designing services and architect services received from Mr. Manoj and Mr. Murali respectively
 - (d) Neither the designing services nor the architect services received from Mr. Manoj and Mr. Murali respectively
- 14.2. What is the 'date of payment' for sewing machine supplied by KUSHA Pvt Ltd. to Mr. Mahesh?
- (a) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is earlier, i.e., 3rd August
 - (b) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is later, i.e. 9th August
 - (c) Date on which the payment is credited in his bank account, i.e. 9th August
 - (d) Date on which payment is entered in the books of accounts of supplier, i.e. 3rd August
- 14.3. Whether Mr. Mahesh is eligible to opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 in the next financial year? If he is eligible, then what is the permissible limit for him for supply of services in the next financial year?
- (a) Eligible; the permissible limit for supply of services is ₹ 11,40,000
 - (b) Eligible; the permissible limit for supply of services is ₹ 10,00,000

- (c) Eligible; the permissible limit for supply of services is ₹ 5,50,000
 - (d) Mr. Mahesh is not eligible to opt for composition scheme.
- 14.4. With respect to contract for an amount of ₹ 10,00,000 from XYZ Ltd., specify the applicable rate of tax deducted at source (TDS) under section 51 of the CGST Act, 2017.
- (a) 0.5 %
 - (b) 1%
 - (c) 2%
 - (d) Nil

Answer Key

Question No.	Answer
14.1	(b) Architect services received from Mr. Murali in London for ₹ 2 lakh for personal purposes
14.2	(a) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is earlier, i.e., 3 rd August
14.3	(d) Mr. Mahesh is not eligible to opt for composition scheme.
14.4	(d) Nil

15. 'M/s Kalpavriksha Iron Traders' (KIT) is located in the city of Visakhapatnam & is registered under GST in the State of Andhra Pradesh. On 1st May, 'KIT' received an order for supply of different variety of iron bars amounting to ₹ 60,00,000 (exclusive of GST) from 'TMT Pvt. Ltd.' located in the city of Hyderabad and registered under GST in the State of Telangana.

The details of advance payment, issue of invoice and the terms & conditions of the contract relating to delivery of iron bars are as follows:-

1. The buyer has to pay ₹ 7,00,000 as advance to the supplier.
2. The balance amount needs to be paid within 25 days from the date of issue of invoice.
3. The supplier will bear the goods transportation and other related charges.
4. If payment is not received within the stipulated time limit, then buyer needs to pay penal charges (taxes, if any to be paid separately) as follows:

Delay (in days)	1 to 10	11 to 20	21 to 30	More than 30
Penal charges	₹ 5,000 Per day	₹ 50,000+ (₹ 8,000 Per day)	₹ 1,30,000+ (₹ 10,000 Per day)	₹ 2,30,000+ (₹ 12,000 Per day)

5. If the entire (i.e. 100%) payment is received within the period as mentioned in the below table, the recipient will be entitled for discount as follows:

No. of days*	1 to 5	6 to 10	11 to 15	After 15th day
Total discount	₹ 15,000	₹ 10,000	₹ 8,000	No Discount

* within which the payment is received after the date of invoice
Discount will be given only when the full payment is made.

The details of invoice & payment are as follows:

Date	Particulars
2 nd May	TMT Pvt. Ltd. paid the stipulated amount of advance to KIT
5 th May	Invoice issued to TMT Pvt. Ltd.
10 th May	30% of the invoice amount is paid

14 th May	Another 20% of the invoice amount is paid
18 th May	Balance amount is paid

On 3rd May, TMT Pvt. Ltd. requested KIT to deliver the iron bars to Sakthi Iron & Steels (SIS) located in the city of Bhubaneswar (Odisha). On 5th May, KIT entered into a contract with 'Express transports' [a Goods Transport Agency (GTA) located & registered under GST in the State of Andhra Pradesh charging GST at the rate of 5% on its services] for delivery of iron bars at Bhubaneswar. The freight charges and loading charges for the delivery services provided by GTA are ₹ 1,50,000 (exclusive of GST) and ₹ 5000 (exclusive of GST) respectively.

The iron bars are removed from the warehouse of KIT on 6th May and an e-way bill is generated at 00:15 AM on 6th May. The distance from the warehouse of KIT to location of SIS is 455 km. KIT paid the freight charges to the transporter immediately after the delivery of the goods.

Note:

1. If buyer receives any discount from the supplier, he will reverse the proportionate ITC availed at the time of purchase.
2. The iron bars are not Over Dimensional Cargo.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 15.1. to 15.6.:-

- 15.1. What shall be the place of supply for the following two independent supplies?
- A) Supply between KIT & TMT Pvt Ltd.;
 - B) Supply between TMT Pvt Ltd. & SIS
- (a) A) Bhubaneswar; B) Hyderabad
 - (b) A) Bhubaneswar; B) Bhubaneswar
 - (c) A) Hyderabad; B) Bhubaneswar
 - (d) A) Hyderabad; B) Visakhapatnam

- 15.2. What shall be the time of supply for the transaction between KIT & TMT Pvt Ltd.?
- (a) 5th May
 - (b) 6th May
 - (c) 2nd May
 - (d) 2nd May for supply of ₹7,00,000 & 5th May for the balance value of supply.
- 15.3. What shall be the value of taxable supply made by KIT to TMT Pvt Ltd.?
- (a) ₹ 61,55,000
 - (b) ₹ 61,47,000
 - (c) ₹ 59,92,000
 - (d) ₹ 61,22,000
- 15.4. What will be the validity of the e-way bill generated by KIT on 6th May?
- (a) 12:15 midnight of 11th -12th May
 - (b) 12:00 midnight of 10th -11th May
 - (c) 12:15 midnight of 10th -11th May
 - (d) 12:00 midnight of 11th -12th May
- 15.5. In the above case scenario, if the entire (100%) payment is made on the following independent dates namely, A) 03rd June, B) 28th May and C) 20th June, then the value of taxable supply in each independent case will be:
- (a) A) 61,75,000; B) 61,55,000; C) 62,95,000.
 - (b) A) 60,30,000; B) 60,05,000; C) 61,55,000.
 - (c) A) 61,80,000; B) 61,47,000; C) 63,05,000.
 - (d) A) 60,30,000; B) 59,97,000; C) 61,55,000.

15.6. Who will be liable to pay GST on freight and loading charges charged by 'Express Transports'?

- (a) TMT Pvt Ltd
- (b) SIS
- (c) Express Transports
- (d) KIT

Answer Key

Question No.	Answer
15.1	(c) A) Hyderabad; B) Bhubaneswar
15.2	(a) 5 th May
15.3	(b) ₹ 61,47,000
15.4	(d) 12:00 midnight of 11 th -12 th May
15.5	(a) A) 61,75,000; B) 61,55,000; C) 62,95,000.
15.6	(d) KIT

16. 'Suraksha Travels Pvt. Ltd' (STPL) is established on 3rd April in the city of Bangalore (Karnataka) and the primary objective of the company is to provide air-conditioned contract-based passenger transportation services at affordable fares. The company obtains the voluntary registration under GST from 1st May. On 1st July, the company purchased motor vehicles of various seating capacities as follows.

Seating capacity (including driver)	No. of vehicles	Purchase price (per vehicle-exclusive of taxes)	Rate of GST
7 persons	4	10,00,000	CGST-9%; SGST - 9%
9 persons	3	12,00,000	CGST-9%; SGST - 9%

11 persons	2	14,00,000	CGST-9%; SGST - 9%
13 persons	1	15,00,000	IGST-18%

From the month of July, STPL associated with RUBA Ltd. for enhancing the business operations. RUBA Ltd. owns/operates an electronic platform for supply of passenger transportation services in Bangalore. The company developed an application called 'RUBA' through which the customers can access the nearest available motor vehicles (cabs) and avail the services. RUBA Ltd. collects the consideration for the services from the customers and remits the same to the service provider (STPL) after retaining the commission charged by it for using its electronic platform.

The details of few bookings of STPL in the month of July are as follows:

(These bookings are obtained by STPL on its own account and not through RUBA Ltd.)

Order No.	Date of travel	Starting city	Ending city	Residence of the customer	Date of payment/booking	Status of customer
CA-234	5 th July	Bangalore	Chennai	Bangalore	3 rd July	Registered
CA-435	11 th July	Bangalore	Chennai	Chennai	9 th July	Unregistered
PH-534	16 th July	Chennai	Bangalore	Hyderabad	14 th July	Registered
GK-987	19 th July	Hyderabad	Bangalore	Delhi	17 th July	Unregistered
UV-777	22 nd July	Bangalore	Hyderabad	Mumbai	20 th July	Registered
XE-001	25 th July	Chennai	Bangalore	Kolkata	23 rd July	Unregistered

The invoice is issued electronically on the date of travel immediately after the completion of the journey.

The details of the passenger transportation services supplied by STPL through RUBA Ltd. & GST payable on the supply is as follows:-

Particulars	July (₹)	August (₹)	September (₹)
Value of services	1,30,00,000	1,25,00,000	1,40,00,000
CGST	9,00,000	8,00,000	8,50,000
SGST	9,00,000	8,00,000	8,50,000
IGST	4,00,000	3,50,000	4,50,000

Note:

- All amounts are exclusive of CGST/SGST or IGST, as the case may be.
- Booking will be confirmed only after paying total fare for the journey.
- There is no other inward or outward supply transaction for STPL in the relevant period apart from the aforementioned transactions.
- Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the case scenario given above, choose the most appropriate answer to Q. nos. 16.1. to 16.5.:-

- 16.1. Amount of blocked credit in respect of motor vehicles purchased by STPL on 1st July is_____.
- CGST=₹ 9,36,000; SGST=₹ 9,36,000 & IGST = ₹ 2,70,000
 - CGST=₹ 3,24,000; SGST=₹ 3,24,000 & IGST=₹ 2,70,000
 - CGST = Nil; SGST = Nil & IGST = ₹ 2,70,000
 - CGST = Nil; SGST = Nil & IGST = Nil

- 16.2. Amount of GST payable through electronic cash ledger by STPL on the services supplied by it through RUBA Ltd. during the month of July is_____.
- (a) CGST=₹ 9,00,000; SGST=₹ 9,00,000 & IGST=₹ 4,00,000
 (b) CGST = Nil; SGST = Nil & IGST = ₹ 58,000
 (c) CGST = Nil; SGST = Nil & IGST = ₹ 1,30,000
 (d) CGST = Nil; SGST = Nil & IGST = Nil
- 16.3. Amount of tax to be collected at source by RUBA Ltd. on the taxable supplies made through it during the months of A) July, B) August and C) September, is_____.
- (a) A) ₹ 65,000; B) ₹ 62,500 and C) ₹ 70,000
 (b) A) ₹ 1,30,000; B) ₹ 1,25,000 and C) ₹ 1,40,000
 (c) A) ₹ 1,30,000; B) Nil and C) ₹ 70,000
 (d) A) Nil; B) Nil and C) Nil
- 16.4. Place of supply for order numbers 1) CA-435, 2) PH-534 & 3) GK-987 is_____.
- (a) 1) Bangalore, 2) Hyderabad & 3) Hyderabad
 (b) 1) Chennai, 2) Hyderabad & 3) Hyderabad
 (c) 1) Chennai, 2) Chennai & 3) Delhi
 (d) 1) Bangalore, 2) Chennai & 3) Hyderabad
- 16.5. Time of supply for order numbers 1) CA-234, 2) UV-777 & 3) XE-001 is_____.
- (a) 1) 5th July, 2) 20th July & 3) 23rd July
 (b) 1) 5th July, 2) 22nd July & 3) 23rd July
 (c) 1) 3rd July, 2) 20th July & 3) 23rd July
 (d) 1) 5th July, 2) 20th July & 3) 23rd July

Answer Key

Question No.	Answer
16.1	(d) CGST = Nil; SGST = Nil & IGST = Nil
16.2	(d) CGST = Nil; SGST = Nil & IGST = Nil
16.3	(d) A) Nil; B) Nil and C) Nil
16.4	(a) 1) Bangalore, 2) Hyderabad & 3) Hyderabad
16.5	(c) 1) 3 rd July, 2) 20 th July & 3) 23 rd July

17. Mr. A is a practicing Chartered Accountant who is supplying the service in the field of auditing and assurance. His earnings during the current financial year are as follows-

- Income from the auditing and assurance service provided during the year- ₹ 1,86,00,000
- Income for acting as an examiner from the ICAI and ICSI (not on their rolls) in the month of June - ₹ 2,50,000
- Rental income from a commercial property, during the year- ₹ 13,90,000

Further, in the month of April, Mr. B purchased 10 computers at a price of ₹ 25,000 each, for his office as new staff has been recruited by his HR team and had availed and utilized ITC on the same.

On 31st October, out of these 10 computers, Mr. A shifted 2 computers at his residence for his son for learning purpose. Open market value of each of these computers, on 31st October, is ₹ 10,000.

Mr. A belatedly filed GSTR-3B for the month of December, by 5 days. Value of taxable supply for the month of December is ₹ 10,00,000 (included in his details of earnings mentioned above). Applicable rate of tax on said supply is 18%.

Note:

- All the above amounts are exclusive of taxes, wherever applicable.

2. The opening balance of input tax credit of Mr. A for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
3. There is no other inward or outward supply transaction for Mr. A in the relevant period apart from the aforementioned transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 17.1. to 17.5. as follows:-

- 17.1. Assuming that the current financial year is the financial year 2019-20, Mr. A is required to maintain and retain the books of accounts for said financial year under the GST law up to_____.
 - (a) 31st December 2025
 - (b) 31st December 2026
 - (c) 31st December 2027
 - (d) 31st December 2028
- 17.2. Aggregate turnover for the purpose GST audit is_____.
 - (a) ₹ 2,02,50,000
 - (b) ₹ 2,02,90,000
 - (c) ₹ 2,02,65,000
 - (d) ₹ 2,02,60,000
- 17.3. Total taxable turnover of Mr. A for the current financial year is _____.
 - (a) ₹ 2,00,10,000
 - (b) ₹ 2,00,40,000
 - (c) ₹ 2,02,60,000
 - (d) ₹ 2,02,50,000
- 17.4. Which of the following is/are not a supply under GST law?
 - (a) Service provided as an examiner to ICAI and ICSI

- (b) Rental income as it is not related to business
 - (c) Shifting of computers at home for personal purpose as there is no consideration
 - (d) None of the above
- 17.5. Which of the following statement(s) is/are correct with respect to interest liability of Mr. A, for the month of December?
- (a) Interest liability of Mr. A is ₹ 444 and he can pay the same either from input tax credit available in electronic credit ledger or in cash.
 - (b) Interest liability of Mr. A is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.
 - (c) Interest liability of Mr. A is ₹ 2,466 and he can pay the same from input tax credit available in electronic credit ledger or in cash.
 - (d) Interest liability of Mr. A is ₹ 2,466 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

Answer Key

Question No.	Answer
17.1	(b) 31 st December 2026
17.2	(d) ₹ 2,02,60,000
17.3	(a) ₹ 2,00,10,000
17.4	(d) None of the above
17.5	(b) Interest liability of Mr. A is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

18. Kunj Manufacturers, a registered supplier under GST in Surat, Gujarat, has opted to pay tax under composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It is engaged in manufacturing textile products.

The following information is available in relation to Kunj Manufacturers for the current financial year:

1. Total turnover during the quarter April-June is ₹ 1,50,00,000.
2. The option to pay tax under composition scheme lapses from 1st July.
3. Tax paid on inputs lying in stock as on 30th June (Invoice dated 4th May) - CGST ₹ 10,000 and SGST ₹ 10,000.
4. Tax paid on inputs contained in semi-finished goods held in stock as on 30th June- CGST ₹ 5,000 and SGST ₹ 5,000 (Invoice was dated 31st December of preceding financial year).
5. A machinery was purchased on 15th March of preceding financial year for ₹ 10,00,000 (taxable value). Applicable GST rate was 12%.
6. On 10th August, Kunj Manufacturers sold goods worth ₹ 2,40,000 to Surat Municipal Corporation (SMC). The contract with SMC was to supply only goods and not any services.
7. On 15th August, Kunj Manufacturers sold goods worth ₹ 10,00,000 to Finance Department of Gujarat Government.
8. Apart from the information provided above, sales and purchases worth ₹ 15,00,000 and ₹ 12,00,000 respectively were also reported during the period of July – February.
9. During the month of March of the current financial year, Kunj Manufacturers manufactured 2,500 meters of fabric (Value of the fabric is ₹ 200 per meter). ITC pertaining to such output was CGST - ₹ 27,500 and SGST - ₹ 27,500. Mr. Kunj exported 1,500 meters of fabric under bond and sold the balance 1,000 meters of fabric in Gujarat, India.

Notes:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
2. It is also assumed that due date for any return required to be filed by the taxpayer has not been extended by the Government.
3. Rate of GST applicable on goods manufactured by Kunj Manufacturers under regular scheme is 12%. GST rate applicable on inward supplies is 12% unless otherwise specified.
4. All the purchases and sales are made within the State except the export sales.
5. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 18.1. to 18.5. as follows:-

- 18.1. The net GST payable in cash by Kunj Manufacturers during the period from April to February is_____.
- (a) ₹ 1,76,800
 - (b) ₹ 3,46,800
 - (c) ₹ 18,26,800
 - (d) ₹ 18,46,800
- 18.2. Input Tax Credit (ITC) available to Kunj Manufacturers during the period from April to February is_____.
- (a) ₹ 2,72,000
 - (b) ₹ 2,82,000
 - (c) ₹ 2,88,000
 - (d) ₹ 3,02,000

- 18.3. The amount of GST refund available to Kunj Manufacturers for the month of March in the current financial year is _____.
- (a) ₹ 24,000
 (b) ₹ 33,000
 (c) ₹ 31,000
 (d) ₹ 22,000
- 18.4. Which of the following statements is correct?
- (a) Kunj Manufacturers is required to file Form GSTR-9, Form GSTR-9A and Form GSTR-9C.
 (b) Kunj Manufacturers is required to file only Form GSTR-9.
 (c) Kunj Manufacturers is required to file Form GSTR-9 and Form GSTR-9C.
 (d) Kunj Manufacturers is required to file both Form GSTR - 9 and Form GSTR - 9A.
- 18.5. Assuming that goods have been sold by Kunj Manufacturers to Finance Department of Gujarat Government for a value of ₹ 1,00,000 instead of ₹ 10,00,000, net GST payable by Kunj Manufacturers in cash during the period from July to February will be _____.
- (a) ₹ 15,88,800
 (b) ₹ 83,800
 (c) ₹ 82,800
 (d) nil

Answer Key

Question No.	Answer
18.1	(a) ₹ 1,76,800
18.2	(b) ₹ 2,82,000

18.3	(c) ₹ 31,000
18.4	(d) Kunj Manufacturers is required to file both Form GSTR - 9 and Form GSTR - 9A.
18.5	(d) Nil

19. Ms. Nitya, engaged in the trading of pipes, is registered under GST in the State of Gujarat. Total taxable turnover of Ms. Nitya from April to February in the current financial year is ₹ 40,00,000.

Following is the information for the month of March of the said financial year:

1. Taxable value of outward supply ₹ 5,00,000; ₹ 2,500 additional charges collected from the customers toward taxes levied by the Municipal Authority.
2. Ms. Nitya went to Mumbai, Maharashtra for a business meeting and stayed in a hotel for two days. Hotel charged ₹ 10,000 (taxable value) for the stay.
3. Taxable value of other inward supplies is ₹ 2,00,000.
4. She also bought a life insurance policy for herself amounting to ₹ 11,100 (taxable value). (CGST ₹ 999, SGST ₹ 999).
5. She bought chairs for office purpose amounting to ₹ 10,000 (taxable value).

Followings additional information is also provided for the current financial year:

On 5th April, Ms. Nitya purchased a motor car, with a seating capacity of 5 persons, worth ₹ 6,00,000 and used it exclusively for business purpose and capitalized the same in the books of accounts.

On the same day, she also bought 4 laptops worth ₹ 25,000 each. All the laptops are also capitalized in the books of accounts and no depreciation is claimed under the Income-tax Act, 1961 on the GST component of the same and ITC is availed on the same.

On 7th July, Ms. Nitya purchased an air conditioner worth ₹ 55,000 for office purpose and capitalized the same in the books of accounts.

On 31st December, Ms. Nitya decided to give the motor car, two laptops and the air conditioner to her brother - Mr. Darsh – a well-established businessman in Surat, Gujarat, without consideration. Open market value of the motor car, the air conditioner and the laptop on that day is ₹ 3,00,000, ₹ 40,000 and ₹ 15,000 (per laptop) respectively.

Note:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Ms. Nitya availed and utilized all the ITC for which she is eligible, but she did not avail the ITC on purchase of air conditioner.
3. All inward and outward supplies are intra-State supplies except the stay in hotel in Mumbai, Maharashtra.
4. Applicable rate of CGST is 6%, rate of SGST is 6% and rate of IGST is 12% on all inward and outward supplies.
5. All the amounts given above are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 19.1. to 19.5. as follows:-

- 19.1. Upto which of the following date(s), Ms. Nitya has to maintain relevant books of accounts under the GST Law?

Assuming that:

- I. the above information is provided for the financial year 2019-20 and Ms. Nitya is under investigation for an offence under Chapter XIX of the CGST Act, 2017, and such investigation was concluded on 31st December 2021.
- II. the above information is provided for the financial year 2019-20 and Ms. Nitya is under investigation for an offence under Chapter XIX, and such investigation was concluded on 31st December 2026.

- (a) 31st December 2026 for Case-I and 31st December 2027 for Case-II.
- (b) 31st December 2027 for the both the cases.
- (c) 31st December 2026 for the both the cases.
- (d) 31st December 2026 for Case-I and 31st December 2032 for Case-II.

19.2. Which of the following statements are correct?

- 1. Motor car given by Ms. Nitya to her brother is supply.
- 2. Air conditioner given by Ms. Nitya to her brother is supply.
- 3. Laptop given by Ms. Nitya to her brother is supply.
- 4. Air conditioner given by Ms. Nitya to her brother is not supply.

- (a) Both 1 and 2
- (b) Both 2 and 3
- (c) Both 3 and 4
- (d) Both 1 and 4

19.3. Total taxable outward supply by Ms. Nitya for the current financial year is -

- (a) ₹ 48,70,000
- (b) ₹ 45,70,000
- (c) ₹ 45,32,500
- (d) ₹ 45,17,500

19.4. Total credit available for the month of March is_____.

(Assume that the opening balance of ITC for the relevant period is nil.)

- (a) IGST - ₹ 25,200
- (b) IGST - ₹ 26,400
- (c) CGST - ₹ 12,600, SGST - ₹ 12,600, IGST - ₹ 1,200

(d) CGST - ₹ 12,600, SGST - ₹ 12,600

19.5. Tax payable by Ms. Nitya for the month of March is_____.

(Assume that the opening balance of ITC for the relevant period is nil.)

(a) CGST - ₹ 17,550 and SGST - ₹ 17,550

(b) CGST - ₹ 16,950 and SGST - ₹ 17,550

(c) CGST - ₹ 16,350 and SGST - ₹ 17,550

(d) CGST - ₹ 15,951 and SGST - ₹ 16,551

Answer Key

Question No.	Answer
19.1	(a) 31st December 2026 for Case-I and 31st December 2027 for Case-II.
19.2	(c) Both 3 and 4
19.3	(c) ₹ 45,32,500
19.4	(d) CGST - ₹ 12,600, SGST - ₹ 12,600
19.5	(a) CGST - ₹ 17,550 and SGST - ₹ 17,550

20. Neha Chemical Pvt. Ltd. (hereinafter referred to as NCPL), a registered taxpayer under in Surat, Gujarat, is engaged in manufacturing of chemical products. Poorva Fertilizers Pvt. Ltd. (hereinafter referred to as PFPL) of Dhule, Maharashtra approached NCPL for supply of chemical product.

NCPL supplied 20 tons of chemical product @ ₹ 1,00,000 per ton (taxable value) to PFPL on 1st October. The invoice for the supply has also been issued on the same date. Further, following additional amounts (in lump sum) are also charged from PFPL:

Particulars	Amount (₹)
Packing charges	25,000

Extra charges for removal of impurities from chemical product	50,000
Transit insurance for transportation	5,000
Taxes levied by Municipal Authority	4,500
Transportation charges	35,000

As per the terms of the contract of supply, NCPL is required to deliver the chemical at the premises of PFPL. Therefore, NCPL hires a transporter for transportation of chemical. The lorry receipt indicates that freight (ignoring taxes) is payable by the receiver of goods.

On 4th October, NCPL has also received ₹ 2,00,000 as subsidy from the State Government for setting up chemical manufacturing plant in Surat, Gujarat.

As per the contract, PFPL is required to make payment within 20 days of supply. However, PFPL delayed the payment of consideration and made the payment on 25th December alongwith ₹ 28,000 as interest.

On 5th October, NCPL hired a motor car from Mr. Mehul, resident of Surat, Gujarat for its management team at Mumbai, Maharashtra for a business meeting. Mr. Mehul issued bill of ₹ 10,000 (including cost of fuel) for the same. Mr. Mehul has not charged any GST in the invoice raised for the same.

On 9th December, NCPL received technical consultancy service from TikTak Inc., its subsidiary company located in Singapore, without consideration. TikTak Inc. provides similar consultancy service to other clients for ₹ 50,000 (converted into Indian rupees).

On 15th December, security office located at the entry gate of NCPL has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Notes:

1. NCPL and PFPL are not related and price is the sole consideration for the supply.

2. All the amounts given above including interest on delayed payment of interest received from PFPL are exclusive of GST, wherever applicable.

3. Applicable rates of GST:

Particulars	CGST	SGST	IGST
Supply of chemical product	9%	9%	18%
Supply of service of hiring of motor car	2.5%	2.5%	5%
Supply of technical consultancy service	9%	9%	18%
Supply of construction services	6%	6%	12%

4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 20.1. to 20.5. as follows:-

20.1. What is the gross tax liability (total of CGST + SGST+ IGST) for the month of October?

- (a) ₹ 3,82,010
- (b) ₹ 2,50,640
- (c) ₹ 3,75,710
- (d) ₹ 2,54,840

20.2. Which of the following statements is/are not correct in the given case?

- 1. Subsidy received from the State Government will be included in the transaction value of the chemical product.
- 2. Service received from TikTak Inc. is not supply.
- 3. Service received from TikTak Inc. is supply.
- 4. GST is not payable on service received from Mr. Mehul.

- (a) Only 1,2 and 3
 - (b) Only 2,3 and 4
 - (c) Only 1, 2 and 4
 - (d) Only 4
- 20.3. What is the time and place of supply for the interest paid on the delayed payment by PFPL?
- (a) 1st October and Surat, Gujarat
 - (b) 1st October and Dhule Maharashtra
 - (c) 25th December and Surat, Gujarat
 - (d) 25th December and Dhule, Maharashtra
- 20.4. Assuming that there are no other transactions carried out by NCPL during October to December apart from the ones as mentioned in the case scenario, total ITC available during such period is -
- (a) ₹ 27,500
 - (b) ₹ 9,500
 - (c) ₹ 9,000
 - (d) Nil
- 20.5. In the given case scenario, if TikTak Inc. is not subsidiary of NCPL and has supplied the technical consultancy service to NCPL without consideration,
- (a) it will be an exempt supply.
 - (b) it will be a zero-rated supply.
 - (c) it will not be a supply.
 - (d) it will be a taxable supply.

Answer Key

Question No.	Answer
20.1	(a) ₹ 3,82,010
20.2	(c) Only 1, 2 and 4
20.3	(d) 25 th December and Dhule, Maharashtra
20.4	(b) ₹ 9,500
20.5	(c) it will not be a supply.

21. Vijayant Tours and Travels Ltd. (hereinafter referred to VTTL) is a registered taxable person under GST in Surat, Gujarat providing service of tours and travels. Following details of VTTL are available for the current financial year:

Total outward supply during the year: ₹ 1,95,00,000

Total inward supply during the year: ₹ 1,65,00,000

Total interest income earned on fixed deposit: ₹ 5,00,000

Following details relating to additional transactions (over and above the above-mentioned information) are also available:

VTTL provided a holiday package for 3 days in Lakshadweep and Lonawala (Maharashtra) to his customer - Mr. Vijay - resident of Surat, Gujarat. The package included travel from Surat, Gujarat to Lakshadweep and from Lakshadweep to Lonawala, Maharashtra and accommodation and complimentary breakfast in the hotels at both the places. The stay in Lakshadweep was for 2 nights and in Lonawala for 1 night. For the above service, VTTL charged a total of ₹ 10,000.

On return journey, Mr. Vijay arranged his travel on his own. Mr. Vijay bought two tickets of Air India over internet from Mumbai to Surat. He boarded the flight at Mumbai airport.

During the year, VTTL gave a tour package worth ₹ 65,000 to its employee Mr. Sandip free of cost on the occasion of his marriage.

VTTL booked a ticket for air travel for Mr. Ishwar for travelling to Delhi from Surat. The value of the air ticket was ₹ 8,000, out of which ₹ 7,500 was towards basic fare.

VTTL hired a security agency w.e.f. 1st April, M/s Five Star Security, a partnership firm, registered under GST in Surat, Gujarat to deploy security guards at its corporate office in Surat, Gujarat. M/s Five Star Security issues monthly invoice for ₹ 15,000.

During the year, security office located at the entry gate has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Note:

1. All the amounts given above are exclusive of GST, wherever applicable.
2. Rates of tax applicable on all inward and outward supplies are CGST and SGST - 9% each and IGST - 18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 21.1. to 21.5. as follows:-

- 21.1. The place of supply in case of service provided by VTTL to Mr. Vijay is _____.
- (a) both Lakshadweep and Mumbai, Maharashtra as service is received at both the places
 - (b) Lakshadweep as service is started at this place.
 - (c) Lakshadweep as service is ended at this place.
 - (d) Surat, Gujarat
- 21.2. The place of supply in case of return journey of Mr. Vijay assuming that:
- (i) he is registered under GST and
 - (ii) he is not registered under GST.
- (a) (i) Mumbai, Maharashtra and (ii) Surat, Gujarat
 - (b) (i) Surat, Gujarat and (ii) Mumbai, Maharashtra

- (c) Mumbai, Maharashtra in both the cases
 (d) Surat, Gujarat in both the cases
- 21.3. What will be the GST liability of VTTL in case of air ticket booking for Mr. Ishwar?
- (a) ₹ 1,350.00
 (b) ₹ 67.50
 (c) ₹ 1,440.00
 (d) ₹ 72.00
- 21.4. What will be the gross tax liability of VTTL for the current financial year?
- (a) ₹ 35,23,657.00
 (b) ₹ 35,57,340.00
 (c) ₹ 35,55,967.50
 (d) ₹ 35,56,057.50
- 21.5. Which of the following statements is correct?
- (a) Total aggregate turnover of VTTL is ₹2,00,75,375.
 (b) Total aggregate turnover of VTTL is ₹2,00,83,000.
 (c) Total aggregate turnover of VTTL is ₹2,00,10,375.
 (d) Total aggregate turnover of VTTL is ₹1,95,75,375.

Answer Key

Question No.	Answer
21.1	(d) Surat, Gujarat.
21.2	(b) (i) Surat, Gujarat and (ii) Mumbai, Maharashtra
21.3	(b) ₹ 67.50
21.4	(c) ₹ 35,55,967.50
21.5	(a) Total aggregate turnover of VTTL is ₹2,00,75,375.

22. Vispute Textile Pvt. Ltd. (hereinafter referred to as VTPL) is engaged in manufacturing and trading of textile products. Its head office is located in Surat, Gujarat. Besides, it has three other units – Darsh, Kunj and Nitya located in Mumbai (Maharashtra), Surat (Gujarat) and Pune (Maharashtra) respectively.

The head office (hereinafter referred to as VTPL-HO) and Units Kunj and Nitya are registered under GST. Unit Darsh is not registered under GST as it is exclusively engaged in supply of exempt goods. Further, VTPL-HO in Surat, Gujarat is also separately registered under GST as Input Service Distributor (ISD).

VTPL-HO purchased goods worth ₹ 5,00,000 from Mr. Jayesh. However, such goods were directly sent to the premises of registered job worker, Mr. Dinesh, without being first received at VTPL's manufacturing unit.

Goods were cleared by supplier – Mr. Jayesh - on 10th April, but were received by the job worker on 16th April. The job worker carried out the job work and supplied the goods to M/s. Mahendra Enterprises on 13th April of next year on payment of tax on the direction of VTPL-HO. VTPL-HO has not declared Mr. Dinesh's premises as additional place of business in registration details on GSTN portal.

VTPL-HO bought a new motor vehicle worth ₹ 12,00,000 in exchange of old motor vehicle (Exchange value of old motor vehicle is ₹ 4,50,000) on 5th July, having seating capacity of 13 persons excluding the driver for the daily transport of its employees. Old motor vehicle was purchased 2 years before on 1st September for ₹ 8,00,000. Seating capacity of the old motor vehicle was 10 persons including driver. Rate of GST on motor vehicle is 18%.

On 25th July, VTPL-HO engaged Bahubali Ltd., a company (registered under GST in Mumbai, Maharashtra) dealing in textile machineries, to supply machineries worth ₹ 30,00,000 for a spinning unit to be set up at Satara, Maharashtra. Machineries are supplied in completely knocked down condition at the Satara unit and assembled by the engineers of Bahubali Ltd. Satara unit is yet to be registered under GST.

Following information is available in respect of the units for which VTPL is registered under GST as an ISD, for month of July:

Input Service	CGST (₹)	SGST (₹)	IGST (₹)	Remarks
X	50,000	50,000	-	Used in Unit Darsh
Y	-	-	1,20,000	Used in Unit Nitya and Darsh
Z	4,000	4,000	-	Used in Unit Kunj [Input Service Z is in respect of servicing of motor bike (with engine capacity of 120 cc) used in Kunj Unit for business purpose]

Total turnover of the units for the last financial year are given under.

Unit	Turnover (₹)
Darsh	15,00,000
Kunj	8,00,000
Nitya	10,00,000

Note:

1. Applicable rate of CGST and SGST is 6% each and IGST is 12% on all inward and outward supplies, unless otherwise specified.
2. All the units are operational during the year unless specifically mentioned otherwise in the question.
3. All the amounts given above are exclusive of GST, wherever applicable.
4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 22.1. to 22.5. as follows:-

- 22.1. Which of the following statements is/are correct in respect of the goods sent for job work to Mr. Dinesh?

1. VTPL is not eligible to take input tax credit as it has not declared the premises of the job worker as its additional place of business.
 2. VTPL is required to reverse the input tax credit as job worker returned the goods after 1 year from 10th April.
 3. VTPL is not required to reverse the input tax credit as job worker returned the goods before 1 year from 16th April.
 4. VTPL cannot directly sell the goods to M/s Mahendra Enterprises from job worker's premises as VTPL has not declared the premises of the job worker as its additional place of business.
 - (a) 1st and 4th
 - (b) 2nd and 4th
 - (c) Only 3rd
 - (d) Only 4th
- 22.2. Which of the following statements is true in context of input tax credit to be distributed by ISD VTPL-HO to Unit Kunj?
- (a) CGST and SGST credit of ₹ 54,000 each and IGST credit of ₹ 1,20,000 will be distributed as IGST credit, to Unit Kunj in proportion to its turnover of preceding financial year to the total turnover of all the three units of the preceding financial year.
 - (b) Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of IGST of ₹ 8,000 to Unit Kunj.
 - (c) Credit of CGST and SGST of ₹ 4,000 each will be distributed as credit of IGST of ₹ 8,000 to Unit Kunj.
 - (d) Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of CGST and SGST of ₹ 4,000 each to Unit Kunj.

- 22.3. Amount to be distributed by VTPL-HO to Unit Darsh is-
- (a) CGST and SGST credit of ₹ 50,000 each; IGST credit of ₹ 72,000.
 - (b) CGST and SGST credit of ₹ 50,000 each; IGST credit of ₹ 54,545.
 - (c) IGST credit of ₹ 1,72,000.
 - (d) nil as Unit Darsh is not registered under GST and is exclusively engaged in supply of exempt goods.
- 22.4. Place of supply of the machinery supplied by Bahubali Ltd. on 25th July and the tax charged thereon is:
- (a) Surat, Gujarat; CGST and SGST
 - (b) Satara, Maharashtra; CGST and SGST
 - (c) Mumbai, Maharashtra; IGST
 - (d) Surat, Gujarat; IGST
- 22.5. Amount of ITC available on purchase of new motor vehicle in exchange of old motor vehicle as on 5th July is _____.
- (a) nil as ITC is blocked on motor vehicle under section 17(5) of the CGST Act, 2017
 - (b) ₹ 2,16,000
 - (c) ₹ 1,35,000
 - (d) ₹ 2,97,000

Answer Key

Question No.	Answer
22.1	(c) Only 3 rd
22.2	(d) Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of CGST and SGST of ₹ 4,000 each to Unit Kunj.

22.3	(c) IGST credit of ₹ 1,72,000
22.4	(b) Satara, Maharashtra; CGST and SGST
22.5	(b) ₹ 2,16,000

23. ABC Petroleum Limited is engaged in the business of refining and marketing of petroleum products. It has one refinery each in the States of Tamil Nadu, West Bengal & Maharashtra and numerous administrative and marketing offices spread across the country.

The company has separate marketing cum administrative offices for every major State and common administrative cum marketing offices for a group of small States e.g., all north-eastern States are covered under one marketing cum administrative office. The company also blends lubricants in its blending plants located in the States of Maharashtra and Tamil Nadu.

As a policy, all the places of business of the company in a State are registered under GST under one registration.

Imported crude is used as input in the refinery and following major products are extracted after refining process:

Products chargeable to GST (Group A)	Products not chargeable to GST (Group B)
Base oil (An input for blending lubricants)	Petrol
Furnace oil	Diesel
Bitumen (Used for road construction)	Air turbine fuel
LPG (Domestic and Industrial)	

Base oils are further sent to blending plants where they are blended with additives to produce lubricants. The company provides the following particulars for States of Tamil Nadu, Maharashtra and Kerala for the month of January:

(Amount in thousands)

Particulars	Tamil Nadu (₹)	Maharash tra (₹)	Kerala (₹)
Value of supply inclusive of all taxes/duties (Group B products)	1,650	3,400	1,575
Value of supply (Group A products) before all taxes/duties	100	200	20
Excise duty leviable on supply of Group B products	500	1,000	110
VAT on supply of Group B products	250	600	65
Tax paid on inputs and input services procured at the blending plant	5	6	0
Tax paid on spares procured at the refinery (Spares are booked in revenue account)	3	8	0
Tax paid on inputs and input services procured at the marketing cum administrative office	2	3	1
Tax paid capital asset procured at the blending plant	0	5	0
Tax paid capital asset procured at the refinery	12	0	0

Assume that all of the Group A products are chargeable to GST @ 18% (including both CGST and SGST or IGST, as the case may be).

The opening balance of input tax credit of ABC Petroleum Limited for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Further, there is no other inward or outward supply transaction for ABC Petroleum Limited in January apart from the aforementioned transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 23.1. to 23.5. as follows:-

- 23.1. The value of company's supply in the Union Territory of Puducherry is ₹ 32,34,000 (Group A products) and in the State of Goa is ₹ 18,38,000 (Group A and Group B products) for the current financial year. GST registration is:
- (a) not required for both Puducherry and Goa
 - (b) not required for Goa but required for Puducherry
 - (c) required for both Puducherry and Goa
 - (d) not required for Puducherry but required for Goa
- 23.2. The eligible ITC attributable to taxable supply, available at marketing cum administrative office located in the State of Maharashtra, for the month of January, is:
- (a) ₹ 3,000
 - (b) ₹ 300
 - (c) ₹ 166.67
 - (d) ₹ 1,500
- 23.3. The eligible ITC attributable to taxable supply in respect of the capital asset procured in the State of Tamil Nadu, for the month of January is:
- (a) ₹ 12,000.
 - (b) ₹ 200.
 - (c) ₹ 11,811.11.
 - (d) ₹ 11,820.
- 23.4. Lubricant valued at ₹ 10,000 has been stock transferred from the blending plant located in the State of Tamil Nadu to the refinery located in the same State, in the month of January. The GST (CGST and SGST) payable on such transaction is:
- (a) nil as the transaction is not a supply.
 - (b) ₹ 900.

- (c) ₹ 1,800.
- (d) nil as such supply is exempted from GST.

23.5. Due to sudden fire in the store-room of the refinery located in Maharashtra on 28th January, the entire quantity of spares procured in the month of January gets destroyed. What action is required from ABC Petroleum Limited?

- (a) No action is required on the part of ABC Petroleum Limited under GST Law.
- (b) ABC Petroleum Limited should report to jurisdictional GST Department for verification of the loss of inputs on account of fire.
- (c) ABC Petroleum Limited should not avail ITC of tax paid on the spares.
- (d) ABC Petroleum Limited should avail ITC and reverse the same.

Answer Key

Question No.	Answer
23.1	(c) required for both Puducherry and Goa
23.2	(b) ₹ 300
23.3	(d) ₹ 11,820.
23.4	(a) nil as the transaction is not a supply.
23.5	(c) ABC Petroleum Limited should not avail ITC of tax paid on the spares.

24. Dumdum Engineering Private Limited (DEPL), Surat (Gujarat), a supplier of heavy machinery, supplied a machine to Gulati Manufacturers from its godown located in Mumbai, Maharashtra, on 1st January at a price of ₹ 64,00,000 (excluding all taxes). Gulati Manufacturers has its corporate office in New Delhi.

However, the machinery was installed at its manufacturing unit located in Gurugram (Haryana) for which installation and commissioning charges of ₹ 4,80,000 and handling and loading charges of ₹ 1,60,000, were charged by DEPL. For every machinery supplied, DEPL receives a grant of ₹ 3,20,000 from its holding company Dharam Ltd.

Transportation of machinery to the customer's premises is arranged by DEPL through a third-party service provider [Goods Transport Agency (GTA)]. Gulati Manufacturers entered into a separate service contract with the GTA and paid the freight of ₹ 50,000 directly to it.

DEPL offered a cash discount of 2% on the price of the machinery at the time of supply since Gulati Manufacturers agreed to make the payment within 15 days of the receipt of the machinery at its premises. However, it was agreed that in case Gulati Manufacturers failed to make the payment within the stipulated time, DEPL would-

- recover the discount given; and
- charge interest @ 1% per month or part of the month on the total amount due (including discount recovered) from Gulati Manufacturers (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is to be charged on the tax dues.

Gulati Manufacturers paid the consideration for the machine on 31st March. Since the payment was made after the stipulated period of 15 days of the receipt of the machinery, discount given was recovered from it and interest was accordingly charged. However, Gulati Manufacturers refused to pay tax on interest and discount recovered.

Note:

1. Assume the rates of taxes to be as under:

Supply	CGST rate	SGST rate	IGST rate
Supply of machinery	6%	6%	12%
Service of transportation of goods	2.5%	2.5%	5%

Other services involved in the above supply	9%	9%	18%
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2. All the above transactions are exclusive of GST, wherever applicable.
3. The opening balance of input tax credit of DEPL for the relevant tax period is Nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 24.1. to 24.5. as follows:-

- 24.1. The place of supply of the machinery supplied by DEPL is _____ and the nature of supply is _____.
 - (a) Gujarat, intra-State supply
 - (b) Haryana, inter-State supply
 - (c) New Delhi, inter-State supply
 - (d) Maharashtra, inter-State supply
- 24.2. The GST liability of DEPL for the month of January is _____ (approx.).
 - (a) 9,46,660
 - (b) 8,67,840
 - (c) 9,06,153
 - (d) 8,29,440
- 24.3. The GST liability of DEPL for the month of March is _____(approx.).
 - (a) 36,343
 - (b) 36,504
 - (c) 35,314
 - (d) Nil

- 24.4. Supply of machinery and supply of installation and commissioning services is _____ supply. Time of supply of interest received by DEPL and cash discount recovered on account of delayed payment of consideration is _____.
- (a) composite, 31st March
 (b) composite, 1st January
 (c) mixed, 1st January
 (d) mixed, 31st March
- 24.5. If the grant of ₹ 3,20,000 received by DEPL had been received from Central Government instead of its holding company Dharam Ltd., with other facts remaining the same, the GST liability of DEPL for the month of January would have been _____ (approx.).
- (a) 9,46,660
 (b) 8,67,840
 (c) 9,06,153
 (d) 8,29,440

Answer Key

Question No.	Answer
24.1	(b) Haryana, inter-State supply
24.2	(b) 8,67,840
24.3	(a) 36,343
24.4	(a) composite, 31 st March
24.5	(d) 8,29,440

25. Starkart Limited owns and operates a web portal in the name of “Starkart” and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52 of the CGST Act, 2017.

Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.

For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods.

The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.

The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for third party sellers.

In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer.

Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

- a. Laptop having a value of ₹ 50,000 and a printer having a value of ₹ 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.
- b. Mobile phone having a value of ₹ 30,000 sold by Starkart in its own capacity.

- c. CCTV camera system having a value of ₹ 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

All the amounts given above are exclusive of GST, wherever applicable.

The opening balance of input tax credit for the relevant tax period for Starkart, Infocom Limited and Secure World is nil. Further, there is no other inward or outward supply transaction for Starkart, Infocom Limited and Secure World in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified:

CGST - 9%, SGST - 9%, IGST - 18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 25.1. to 25.4. as follows:-

- 25.1. The net tax liability (including amount payable as tax collection at source and after set- off of credits, if any) of Starkart Limited for the month of January is:
- (a) IGST - ₹ 8,280
 - (b) IGST - ₹ 5,400
 - (c) CGST - ₹ 3,500 and SGST - ₹ 3,500
 - (d) IGST - ₹ 9,880
- 25.2. The net tax liability (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:
- (a) IGST - ₹ 10,800 and IGST - ₹ 18,000 respectively
 - (b) IGST - ₹ 9,720 and IGST - ₹ 16,200 respectively
 - (c) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively
 - (d) IGST - ₹ 10,200 and IGST - ₹ 17,000 respectively

- 25.3. In case it is assumed that Secure World's turnover does not exceed the threshold limit for obtaining registration under applicable GST Law,
- (a) Secure World shall discharge tax only on the sales made through Starkart.
 - (b) Secure World is not required to obtain registration as threshold limit for obtaining registration is not crossed and no tax is payable.
 - (c) Starkart shall be liable to discharge tax liability of sales made by Secure World.
 - (d) Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.
- 25.4. Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January. As per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited. The net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart in such scenario for the month of January would be:
- (a) ₹ 6,900 payable as IGST.
 - (b) ₹ 3,450 payable as CGST and ₹ 3,450 payable as SGST.
 - (c) ₹ 10,320 payable as IGST.
 - (d) ₹ 7,440 payable as IGST.

Answer Key

Question No.	Answer
25.1	(d) IGST - ₹ 9,880
25.2	(c) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively

25.3	(d)	Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.
25.4	(c)	₹ 10,320 payable as IGST.

26. Advance Traders is a partnership firm in Jaipur, Rajasthan. The firm has obtained GST registration at its Head Office (HO) in Jaipur. Further, the firm is having its depot for storage for goods in other districts in Rajasthan. The depots are added as additional place of business in the GST registration obtained at HO. Following details are provided about the firm for the month of July:
- a. Advance Traders received goods worth ₹ 5,00,000 for which GST is payable on reverse charge basis. The goods were received on 25th July. The supplier issued an invoice dated 24th July and payment for the same was made by Advance Traders on 30th July. Due to the absence of accountant, the transaction was recorded in the books of accounts on 1st August.
 - b. In the month of July, Advance Traders issued vouchers worth ₹ 2,00,000 to its customers, which were eligible to be redeemed against identified goods. Also, certain set of customers were issued vouchers worth ₹ 5,00,000. The said vouchers were eligible to be redeemed against any supply of goods in next 6 months.
 - c. Mr. X, a partner in the firm, booked a Hotel in Udaipur, Rajasthan for the wedding of his daughter in the month of October. The advance amount of ₹ 5,00,000 for booking the hotel was paid by way of online payment from the current account of Advance Traders in July. The hotel charged GST on such booking at the rate of 28% (CGST @ 14% and SGST @ 14% or IGST @ 28%, as the case may be) on the amount received as advance and issued a receipt voucher.
 - d. Advance Traders made a supply of goods worth ₹ 25,00,000 during the month of July. Out of the aforesaid supply, goods worth ₹ 5,00,000 were not liable to GST. However, Advance

Traders inadvertently charged GST on such goods and collected the same from the customers.

- e. Due to clerical error, Advance Traders made a deposit in minor head penalty of the major head IGST for an amount of ₹ 3,00,000. There is no liability of interest on any IGST liability and the amount is lying as unutilized on GST portal.

The opening balance of input tax credit is nil for all the registrations. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. All the above transactions are exclusive of GST, wherever applicable.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified:

CGST - 9%, SGST - 9%, IGST - 18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 26.1. to 26.5. as follows: -

- 26.1. Compute the GST liability to be discharged from electronic cash ledger for the month of July by Advance Traders. For computing this liability, consider that there is no adjustment regarding amount provided in point e. above:
- (a) ₹ 5,76,000
 - (b) ₹ 4,36,000
 - (c) ₹ 3,96,000
 - (d) ₹ 4,86,000
- 26.2. Amount of input tax credit available to Advance Traders against the hotel booking expense shall be _____. Would there be any change if the hotel is located outside Rajasthan?
- (a) Nil. There will be no change even if hotel is located outside Rajasthan.
 - (b) ₹ 70,000 as CGST and ₹ 70,000 as SGST. No credit would be available, had the hotel been located outside Rajasthan.

- (c) ₹ 70,000 as CGST and ₹ 70,000 as SGST. IGST of ₹ 1,40,000 would be available, had the hotel been located outside Rajasthan.
 - (d) Nil. IGST of ₹ 1,40,000 would be available, had the hotel been located outside Rajasthan.
- 26.3. What is the time limit for issuance of show cause notice where GST is collected on supplies which are not liable to GST?
- (a) Within 2 years and 9 months from due date of filing annual return for the financial year
 - (b) Within 4 years and 6 months from due date of filing annual return for the financial year
 - (c) No time limit to issue the show cause notice
 - (d) No show cause notice to be issued. The tax amount shall be refunded to the customers if the customer demands the same.
- 26.4. Advance Traders claimed refund of amount paid erroneously in the minor head penalty of major head IGST. The authorities rejected the refund claim. Advance Traders filed a civil suit before the jurisdictional magistrate. Choose the correct answer:
- (a) The jurisdictional magistrate can direct the authorities to process the refund amount.
 - (b) The jurisdictional magistrate can redirect the matter for fresh assessment of refund claim.
 - (c) The jurisdictional magistrate can order provisional refund and initiate the re-assessment proceedings.
 - (d) The jurisdictional magistrate cannot pass any order regarding the refund claim.
- 26.5. Advance Traders wants to utilize the amount paid erroneously in the minor head penalty of the major head IGST against its tax liability to be discharged in cash. Please select the correct option assuming that all the procedural requirements for the same will also be duly complied with.

- (a) The amount can be utilized only for discharging penalty amount under any head.
- (b) The amount can be utilized only for discharging liability of IGST under any minor head.
- (c) The amount can be utilized for discharging liability under any minor head or major head.
- (d) The amount can be utilized only for discharging penalty amount related to IGST.

Answer Key

Question No.	Answer
26.1	(d) ₹ 4,86,000
26.2	(a) Nil. There will be no change even if hotel is located outside Rajasthan
26.3	(c) No time limit to issue the show cause notice
26.4	(d) The jurisdictional magistrate cannot pass any order regarding the refund claim.
26.5	(c) The amount can be utilized for discharging liability under any minor head or major head.

27. William & Sons (WS) is a partnership firm, registered under GST, engaged in manufacturing activity in the State of Rajasthan under GST. In the month of July following transactions were undertaken by WS:
- (a) Intra-State sale of goods worth ₹ 10,00,000. Out of such sale, ₹ 5,00,000 worth of goods were liable to GST at 28% and balance were liable to GST at 18%.
 - (b) Intra-State purchase of goods worth ₹ 10,00,000 which is liable to GST at 28%.
 - (c) WS intended to transfer the business as going concern to Morgan & Sons (MS) on 31st July. As per the terms of transfer, WS will

transfer all the business assets worth ₹ 50,00,000 and all the liabilities valued at ₹ 20,00,000.

- (d) WS, on account of such transfer, paid gift worth ₹ 50,000 to its 3 employees as a reward towards their services to the firm.

During the month of September, MS received the notice from the authorities for outstanding liability of GST for ₹ 5,00,000 pertaining to the period before transfer of business by WS. Such liability was determined after the transfer of business. For this purpose, assume that all the assets and liabilities were transferred by WS to MS.

The balance of input tax credit at the beginning of the relevant period for WS is nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified:

CGST - 9%, SGST - 9%, IGST - 18%.

All the amounts given above are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 27.1. to 27.5. as follows:-

27.1. The gross GST liability (without set off of input tax credit) of WS for the month of July is _____.

- (a) ₹ 2,32,000
- (b) ₹ 2,80,000
- (c) ₹ 25,000
- (d) ₹ 2,30,000

27.2. Suppose there is no transfer of business to MS, what is the amount of input tax credit lying in input tax credit ledger, if any, which can be claimed as refund by WS for the month of July?

- (a) ₹ 50,000 under inverted duty structure
- (b) Nil since WS is making outward supply of 28% also, the balance credit shall be carried forward

- (c) ₹ 23,000 under inverted duty structure
 - (d) ₹ 25,000 under inverted duty structure
- 27.3. In case of transfer of business to MS, what is the amount of input tax credit which shall stand transferred to MS and which form is required to be filed for such transfer?
- (a) ₹ 25,000
 - (b) ₹ 50,000
 - (c) Nil. In case of partnership firm input tax credit cannot be transferred on account of transfer of business.
 - (d) Nil as the value of liabilities is more than the value of assets.
- 27.4. Who is liable to discharge the liability of ₹ 5,00,000 on account of notice received by MS in the month of September?
- (a) MS as the business is transferred by WS in July and notice was received in September
 - (b) WS as the notice pertains to liability before transfer of business
 - (c) Liability on MS only up to the amount of input tax credit transferred by WS
 - (d) MS and WS jointly and severally liable
- 27.5. Suppose WS transfers the business as a going concern and transfers all the assets and liabilities of such business for a lumpsum amount to MS, the transaction shall be:
- (a) treated as taxable supply liable to GST under forward charge as WS is a registered person under GST.
 - (b) liable to GST in the hands of MS under reverse charge basis.
 - (c) exempted from GST.
 - (d) liable to GST only for assets on which input tax credit is availed.

Answer Key

Question No.	Answer
27.1	(d) ₹ 2,30,000
27.2	(b) Nil since WS is making outward supply of 28% also, the balance credit shall be carried forward
27.3	(a) ₹ 25,000
27.4	(d) MS and WS jointly and severally liable
27.5	(c) exempted from GST.

28. KLM Ltd. is a large publishing and printing house registered under GST under a single GSTIN in Maharashtra. It is engaged in supply of books, letter cards, envelopes, guides and reference materials. KLM Ltd. has front offices in Mumbai & Nagpur for receiving the orders; orders are supplied to front office or supplied to recipient directly, from the workshop located at Nagpur, depending on order. To save the time, workshop has in-house mess for the employees working in the workshop, where lunch is provided free of cost as per the employer-employee agreement.

During April, KLM Ltd. received a proposal for printing of 5,000 copies of taxation book from a renowned author where only content was to be supplied by the author. KLM Ltd. agreed to supply the books. As per the requirement of the author, 2500 copies were supplied from workshop to Nagpur front office and 2500 copies to Mumbai front office from where the author collected books.

Satisfied with the quality of books, the author placed another order of 10,000 pieces of letterhead during May, the design and logo was supplied by the author for printing. Due to these orders, KLM Ltd. earned a handsome amount of profit and decided to gift employees for their performance. Accordingly, KLM Ltd. gifted mobile phone worth ₹ 36,500 each to all its 45 employees.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 28.1. to 28.4. as follows:-

- 28.1 Supply of taxation books by KLM Ltd. is:
- (a) composite supply, principal supply being "supply of service".
 - (b) composite supply, principal supply being "supply of goods".
 - (c) mixed supply.
 - (d) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.
- 28.2. Supply of letterheads by KLM Ltd. will be treated as:
- (a) composite supply, principal supply being "supply of service".
 - (b) composite supply, principal supply being "supply of goods".
 - (c) mixed supply.
 - (d) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.
- 28.3. Distribution of mobile phones to employees by KLM Ltd. will:
- (a) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the aggregate value of mobile phones is more than ₹ 50,000.
 - (b) not to be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because value of the mobile phone is less than ₹ 50,000 per employee.
 - (c) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 25,000 per employee.
 - (d) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 35,000 per employee.

28.4. In relation to taxability of supplies of copies from workshop to front office:

- (a) transfer from workshop to Nagpur front office will be treated as stock transfer, but is not liable to GST; however, transfer from workshop to the Mumbai front office will be treated as branch transfer between distinct persons and is liable to GST.
- (b) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer between distinct persons and are liable to GST.
- (c) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer, but are not liable to GST.
- (d) transfer from workshop to the Mumbai front office will be treated as stock transfer, but is not liable to GST, however, transfer from workshop to the Nagpur front office will be treated as branch transfer between distinct persons and is liable to GST.

Answer Key

Question No.	Answer
28.1	(a) composite supply, principal supply being "supply of service".
28.2	(b) composite supply, principal supply being "supply of goods".
28.3	(b) not to be treated as deemed supply as per para 2 of Schedule I because value of the mobile phone is less than ₹ 50,000 per employee.
28.4	(c) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer, but are not liable to GST.

29. SV Enterprises (P) Ltd. is a pharmaceuticals company engaged in the manufacturing of medicines. It has its head office in Rajasthan being registered under GST. It primarily sells two products in the market which are as under:

(i) A (Taxable at 18%)

(ii) B (Taxable at 28%)

From head office (HO), it makes sales on the basis of orders received from dealers and its branches. Total sales during the month of February is given below:

A		B	
Inter-State (₹)	Intra-State (₹)	Inter-State (₹)	Intra-State (₹)
50,00,000 (including branch transfers**)	50,00,000	50,00,000	30,00,000

**The company transferred product A to its branch situated in Mumbai for ₹ 10,00,000. The open market value of product A was not known at the time of transfer, but the goods of like kind and quantity were sold at ₹ 12,00,000. Cost of product A is ₹ 8,00,000. Further, the branch also deals in product A and product B only.

The company purchases its raw material worth ₹ 60,00,000 taxable @18% to be used in product A, from a supplier located at Haryana and imported raw material worth ₹ 40,00,000 taxable @ 28% to be used in product B, from U.S.A based vendor.

The opening balance of input tax credit of SV Enterprises (P) Ltd. for the relevant tax period is nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. All the above transactions are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 29.1. to 29.5. as follows:-

- 29.1. What shall be the GST paid by SV Enterprises (P) Ltd. through Electronic Cash Ledger?
- (a) IGST: ₹1,00,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
 - (b) IGST: ₹ 11,20,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
 - (c) IGST: ₹ 12,20,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
 - (d) IGST: Nil, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
- 29.2. Suppose Product A is exempt from GST, what shall be the aggregate turnover of SV Enterprise?
- (a) ₹ 1,80,00,000
 - (b) ₹ 80,00,000
 - (c) ₹ 2,20,00,000
 - (d) ₹ 1,40,00,000
- 29.3. What shall be the value of supply of product "A" transferred to its branch in Mumbai?
- (a) ₹ 10,00,000
 - (b) ₹ 12,00,000
 - (c) ₹ 8,00,000
 - (d) ₹ 8,80,000
- 29.4. Suppose out of imported raw material amounting to ₹ 40,00,000, raw material amounting to ₹ 10,00,000 was sold to another local customer before clearance for home consumption. What shall be the net GST liability in this case?
- (a) IGST- ₹ 3,80,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000
 - (b) IGST- ₹ 1,00,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000
 - (c) IGST- ₹ 12,20,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000
 - (d) IGST- ₹ 20,60,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000

29.5. If the payment for Product A was received on 25th February from one of the customers, goods supplied on 28th February and invoice issued on 3rd March, what shall be the time of supply in this case?

- (a) 25th February
- (b) 28th February
- (c) 3rd March
- (d) 20th March

Answer Key

Question No.	Answer
29.1	(a) IGST: ₹1,00,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
29.2	(a) ₹ 1,80,00,000
29.3	(a) ₹ 10,00,000
29.4	(a) IGST- ₹ 3,80,000, CGST-₹ 8,70,000, SGST- ₹ 8,70,000
29.5	(b) 28 th February

30. Diwakar (P) Ltd., registered under GST in Delhi, is engaged in trading of cement as well as providing services by way of renting of commercial properties. On 2nd January, it received a contract for supply of 1,000 kg cement from Pakija (P) Ltd., registered under GST in Punjab. Pakija (P) Ltd. directed Diwakar (P) Ltd. to send the consignment to Gajab & Sons, registered under GST in Gujarat.

Diwakar (P) Ltd. prepared the consignment on 4th January and dispatched the same on the next day from its warehouse in Gurugram, Haryana. The invoice was also issued on 5th January. On 7th January, it received the cheque and accountant entered the payment in books of accounts. However, he presented the cheque in bank on 14th January which was credited in the bank account of the company on 15th January.

In the meanwhile, on 10th January, the rate of tax on cement was reduced from 28% to 18%.

On inspection of said goods, it was found that there is some deficiency in the quality of goods and therefore, the defective goods were returned to Diwakar (P) Ltd. Diwakar (P) Ltd. issued credit note for the same on 20th January.

Diwakar (P) Ltd. let out property and received rent for the month of January from Pakija (P) Ltd. on 10th January. However, as per the contract entered, the payments should have been received by 7th of every month.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 30.1. to 30.4. as follows:-

- 30.1. What will be the time of supply and rate of tax to be charged in respect of supply of 1,000 kg of cement?
- (a) 5th January; 28%
 - (b) 7th January; 28%
 - (c) 14th January; 18%
 - (d) 15th January; 18%
- 30.2. In the above case, other facts remaining the same, what will be the time of supply and rate of tax to be charged if the payment is credited into bank account on 12th January?
- (a) 5th January; 28%
 - (b) 7th January; 28%
 - (c) 12th January; 28%
 - (d) 12th January; 18%
- 30.3. What is the place of supply in respect of transaction between Diwakar (P) Ltd. and Pakija (P) Ltd. and Pakija (P) Ltd. and Gajab & Sons?
- (a) Delhi, Punjab
 - (b) Punjab, Gujarat

- (c) Haryana, Punjab
 (d) Haryana, Gujarat
- 30.4. Diwakar (P) Ltd. has not issued any invoice in respect of the services provided by way of renting of commercial properties in the month of January. What is the last date for issuance of invoice?
- (a) 10th January
 (b) 7th January
 (c) Either (a) or (b), whichever is earlier.
 (d) Either (a) or (b), whichever is later.

Answer Key

Question No.	Answer
30.1	(a) 5 th January; 28%
30.2	(a) 5 th January; 28%
30.3	(b) Punjab, Gujarat
30.4	(b) 7 th January