

* Value of Supply -

* Taxable Supply - Section 15

Value of supply of goods or services shall be the transaction value, which is the price actually paid or payable for the said supply of G/S where supplier & recipient are not related & price is the sole consideration.

* Determination of Transaction value -

For ascertaining transaction value there are various items, the amt. of which should be added or subtracted from the contract price.

→ Amt. which are to be included or added in the contract price:-

- i) Amt. of tax, duty, fees etc.
- ii) The liability of the supplier being paid by recipient.
- iii) Incidental expenses in relation to supply.
- iv) Amt. paid for delay in making payment of the consideration.
- v) Subsidy received from any person other than govt

→ Amt. which is not included in transaction value:-

- i) Before or at the time of supply if discount has been duly recorded in the invoice issued in respect of supply.
- ii) After the supply has been affected if -
 - ① Such discount is established in terms of an agreement entered into or before the time of supply

② Input Tax credit is attributable to the discount.

Note:- If the amt of discount is based on the amt. of sale of purchaser then such discount shall not be deducted.

17/10/19
Ques Pg - 226

Ram & Shyam Pvt. Ltd. has provided the following particulars relating to goods by it to Mohan Pvt. Ltd.

- i) List of the price of goods (exclusive of taxes & discount) ₹ 1 lakh.
- ii) Tax Levied by principal authority on the sell of such goods ₹ 10,000.
- iii) CGST & SGST chargeable on the goods ₹ 20,880.
- iv) Packing charges (not included in the above price) ₹ 2000.

Ram & Shyam Pvt. Ltd. received ₹ 5000 as subsidy from central govt. & ₹ 4000 as subsidy from a NGO on sale of such goods. The price of 1 lakh of the goods is after considering such subsidy, Ram & Shyam Pvt. Ltd. offered 2% discount on the list price of the goods recorded in invoice. Determine the value of taxable Supply?

Soln: Computation of Value of Taxable Supply
Particular

List of price of goods

Addl: - Tax levied by Municipal Authority

Packing Charges

Subsidy NGO

₹ 1,00,000

1000

2000

4000

1,16,000

Less :- Discount $(100000 \times 2\%)$

2000

Value of taxable supply

₹ 1,14,000

Q. Pg 227
Determine the value of taxable supply -

i) Contract value of supply of goods including GST @ 12%. ₹ 8 lakh

ii) The contract value of supply includes the following :-

1) Cost of primary packing (2000)

2) Cost of specific packing at recipient's request for safe transportation 10,000.

3) Consultancy charges in relation to pre-installation planning 8,000.

4) Testing charges 2000.

5) Taxes (other than CGST, SGST) charged separately by the supplier 12,000

* Other info :-

1) Commission paid to agent by recipient of supply under the terms of contract 4000.

2) Cost of designing & engineering work provided of supply 20,000

3) Freight & insurance paid by recipient on the behalf of supplier 60,000.

4) The supplier of goods offer 2% good discount on the contract price of which is recorded in the invoice for the goods.

Soln

Particular	Detail	Amnt.
Contract Value	-	8,00,000
Add:- Cost of Primary packing	-	
Cost of specific packing	-	
Consultancy charges	-	

Testing charges	
Commission paid to agent	4000
Taxes	-
Cost of designing	20000
Freight & Insurance	60000 Per 89.5000
	84000
	8,84,000
Less : - Trade Discount 21%	16000
	8,68,000
Less : - Tax (GST)	93000
Value <u>x Rate</u>	
100 + Rate	
(8,68,000 <u>x 12</u>)	Value of
100 + 12	Taxable Supply
	7,75000

Q. Pg 229

Determine the value of taxable supply - Goods

- 1) Value of the machine (exclusive of GST) 12 lakh
- 2) The invoice value of the machine includes the following -

i) Cost of primary packing	30,000
Design & engineering charges	65,000
Weightman & loading charges	20,000
Inspection charges	6,000

The invoice value of machine does not include the following -

- i) Taxes charged separately by the supplier other than CGST, SGST 12,000
- ii) Consultancy charges 10,000
- iii) Testing charges 3,000
- iv) Cost of specified packing as recipient request from the safe transportation 15,000

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v) Commission paid to agent 6,000

* Other info -

- i) Freight & insurance charges 80,000
- ii) Subsidiary received by central govt. 6,000
- iii) Subsidiary received by third party 20,000
- iv) Interest received for recipient for delay payment 60
- v) 2% Trade discount.

Soln

Particulars

Amt

Value of Machine	12,00,000
Add :- Cost of Primary Packing	
Design & engineering charges	-
Weightman & loading charges	-
Inspection charges	-
Taxes	12,000
Consultancy charges	10,000
Testing charges	3,000
Cost of specified packing	15,000
Commission paid	6,000
Freight & insurance	80,000
Subsidiary rec. by CG	-
" " " 3rd Party	20,000
Interest Received	6000
	152000

Less:- Trade Discount 2%

Bm - Tax Value

1328000

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* Valuation on the Basis of Rules in Specified Circumstances -

1) Determination of value of supply of G/s if the consideration is not wholly in money - Value of supply shall be -

- i) Open Market value of the supply.
- ii) If open market value is not available then the value shall be sum-total of consideration in money & any further amt. in money as it is equivalent to consideration not in money if such amt. is known at the time of supply.
- iii) If value of supply is not determine under clause A & B it shall be the value of supply of G/s or both of like kind & quality.

Gly Pg 233

Q.

M/s Lokhatiya Pvt. Ltd. supply some cars to M/s Chokhani Pvt. Ltd. for consideration of 15 lakh. M/s Chokhani Pvt. Ltd. also supplied the same no. of scooters to M/s Lokhatiya Pvt. Ltd. in addition to cash consideration of Rs 15 lakh for full consideration of transaction. Value of each scooter is 60,000 (excluding tax). M/s Lokhatiya Pvt. Ltd supplied the same cars to another person at the price of ~~open market value~~ 18,05,400 (including GST 18%). Determine the value of supply of car under CGST. Assume that M/s Lokhatiya Pvt. Ltd & M/s Chokhani Pvt. Ltd are not related persons & price is the sole consideration. What will be the value of supply if at the time of supply M/s Chokhani Pvt. Ltd price of ₹ 18,05,400 is not available.

What will be the value of supply if in above case open market value is not available but at the time of supply of cars M/s Lakhotia Pvt. Ltd. supplied identical cars of ₹ 15,75,000 (excluding taxes).

Soln I: Value of supply shall be open market value

Particular
Price Charged

Amt
18,05,400

Less :- GST

$$\left(18,05,400 \times \frac{18}{118} \right)$$

275400

Value of Supply

15,30,000

II If open market value is not available

Particular

Amt.

Consideration of money

15,00,000

Add :- Non-monetary value of supply of scooter

60,000

Value of Supply

15,60,000

III If open Market Value be consideration in Cash

& kind is not available than,

Value of supply shall be value of like kind & Best Quality,

i.e., 15,75,000 which is the price of identical identical car supplied by M/s Lakhotia Pvt. Ltd.

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2) Value of supply of goods or services or both b/w distinct or related persons other than through an agent -

- 1) Value of supply shall be open market value.
- 2) If open market value is not available be the value of supply of goods & services of like kind & quality.
- 3) If the value of supply is not determine by clause (a) & (b) it shall be valued determine by rules.

Ques Mr. Dinesh who carry on business in Jaipur has purchased 15,000 Parker pens worth ₹ 6,00,000 from M/s Kumar Distributors located in Indore. Mr Dinesh's wife is an employee in Kumar Distributors. The price of each ~~Park~~ Parker pen in the open market is ₹ 50. The additional charges of ₹ 8,000 for delivering the goods to the recipient's place of business. What will be the value of this supply? State with reasons.

Soln M/s Kumar Distributors & Mr. Dinesh cannot be considered as related persons because on the basis that wife of Mr. Dinesh is an employee at Kumar Distributors. The transaction value of the contract shall be considered as the value of supply. Thus, the value of supply shall be ₹ 6,00,000 + ₹ 8,000 = 6,08,000

3) Value of Supply of goods made or received through an agent -

Value of supply shall be :-

- 1) Open market value or at the option of the supplier 90% of the price charged for "supply of goods of like kind & quality value".
- 2) If it is supply is not determined by the above clause it shall be determined by the rules.

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Soln Open Market Value :- 280000

At the option of the supplier 90% of the price charged for the supplier.

$$10000 \times 30 \times 90\% = 270000$$

The principal shall exercise the option & the value of supply will be ₹ 2,70,000.

4) Value of supply of goods or services or both based on cost -

Value of supply shall be 110% of cost of production or cost of acquisition.

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5) Value of supply in case of Lottery, Betting, Gambling & Horse Racing -

Determination of value of supply of lottery run by state govt:-

Value of supply shall be -

i) Face value of lottery ticket $\times \frac{100}{m}$

ii) Price notified in the official gazette by organising state $\times \frac{100}{112}$

(whichever is higher of the two).

2) Determination of value of supply of lottery authorised by state govt:-

Value of supply shall be -

i) Face value of lottery ticket $\times \frac{100}{128}$

ii) Price notified in the Official Gazette of organising state $\times \frac{100}{128}$

(whichever is higher).

Soln Pg 239

Soln i) Value of supply of tickets in Raj.

ii) Face value $\times \frac{100}{112} = 336 \times \frac{100}{112} = 300$ Br.

ii) Price notified by official gazette $\times \frac{100}{112} = 330 \times \frac{100}{112}$

$$= 294.648$$

\therefore Value of supply will be 300 Br.

2) Value of supply of tickets authorised by state govt.

i) Face value $\times \frac{100}{120} = 250 \times \frac{100}{120} = 195.31$ Br.

$$\times \frac{100}{128}$$

$$\text{ii) Price notified} \times \frac{100}{128} = \frac{256 \times 100}{128} = 200 \text{ Br.}$$

$$\text{Value of supply} = \underline{200 \text{ Br.}}$$

6) Determination of Value of Supply in respect of certain supply -

Value of supply in relation to sale or purchase of foreign currency:

Value of supply shall be -

(a) i) If RBI reference rate for currency is available - The value shall be difference of buying or selling rate & reference rate.

ii) If RBI reference rate is not available -

The value shall be 1% of the gross amt. of Indian Rupee provided.

iii) If no currency is exchanged in Indian Rupee - The value shall be 1% of the lesser of the two amounts.

(b) At the option of the supplier the value in relation to supply shall be -

i) 1% of the gross amt. of currency exchanged for an amt. upto ₹ 1 lakh subject to minimum amt. of ₹ 250.

ii) ₹ 1000 & 0.5% of the gross amt. of currency exchanged for an amount exceed in ₹ 1 lakh & upto 10 lakh.

iii) ₹ 5500 & 0.10% of gross amt of currency

exchanged for an amt. exceeding ₹ 10 lakh. Subject to max^m amt. of ₹ 60,000.

Ques Pg 242

Soln Particular Amt.

1) Sold 3000 US\$ (CSR - RBI rate) $(54 - 53) \times 3000$ 3000

2) Purchase 4000 Euro (CRBI - Buying rate) $(72 - 71) \times 4000$ 4000

3) Purchase 6000 GBP (CRBI - Buying rate) $(83 - 82) \times 6000$ 6000

4) Sale 8000 ABC @ 25 $(8000 \times 25) \times 1\% = 2000$

5) Sold 3000 US\$ $\times 53 = 159,000$

6800 GBP $\times 83 = 13,94,000$ (Lesser 1% of two) 13944

Value of Taxable Supply 28,944

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Particular

Amt.

1) Sold 6000 US \$ Euro

(SR - RBI Rate)

$$(74 - 71) \times 6000$$

18,000

2) Purchased 4,000 US \$

(Buying Rate - RBI)

$$(68 - 66) \times 4000$$

8,000

3) Purchased 8,000 GBP

(RBI rate - Buying Rate)

$$(74 - 72) \times 8000$$

16,000

4) Sold 12,000 AU\$D

(RBI Rate - SR)

$$(59 - 56) \times 12,000$$

36,000

5) Sold 6,000 ZAR @ 32

$$(6000 \times 32) \times 1\%$$

1,920

6) Purchased 2,500 Libra

(RBI rate - Buying Rate)

$$(34 - 31) \times 2,500$$

7,500

7) Sold 5,000 CAN\$

(SR - RBI Rate)

$$(45 - 42) \times 5,000$$

15,000

8) Conversion 40000 US \$ \times 66 = 2,640,000 (lesser 1% of two)

$$(lesser 1\% of two) 25,000 GBP \times 74 = 18,50,000$$

18,50,000

Value of Taxable Supply

1,20,920

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Ques 12

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Soln

Particular

Amt.

1) borw. of Canadian Dollar

$$(800 \times 250) (15000 \times 1\%)$$

000.81 200000 Higher 150

200000 Lakh

(Total IAS - 92)

000000 x (15 - 14) 2,00,000

2) borw. of Canadian Dollar

$$(1,00,000 \times 1\% \times 400)$$

000.8 (1,00,000 \times 1\% \times 250) Higher 0250000 (250000 - 82)

4,00,000

3) borw. of Indian ₹ into Canadian Dollar

$$(1000 + 6,00,000 \times 5\%) \times 200$$

000.8 x (25 - 14) 8,00,000

4) borw. of Swiss Franc to Indian currency

$$(5500 + 490 \text{ lakh} \times 10\%) \times 100 = 54,50,000$$

000.81 100 x 60,000 (500lakh - 10lakh) (92 = 60,00,000) Lower 54,50,000

000.81 x (22 - 12) 54,50,000

5) borw. of Swiss Franc to Indian currency

$$(5500 + 490 \text{ lakh} \times 10\%) \times 150 = 1,11,75,000$$

000.81 150 x 60,000 (92 = 90,00,000) Lower 90,00,000

6) borw. of Swiss Franc to Canadian Dollar

$$(500 \times 250) (24,000 \times 1\%)$$

000.81 125000 Higher 240 000.8 x (18 - 14) 1,25,000

Value of Taxable Supply 1,59,75,000

000.8 x (22 - 18) 1,25,000

(Total IAS - 92)

2) Value of supply of services (in relation to booking of tickets for travel by air provided by a travel agent :- 12 x 1,25,000H

000.81 = 12 x 1,25,000H

000.81 125000 H x 125000H

14/11/19

1000

900 Pg 247

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Soln

(a) Taxable Supply for domestic flight

Particular

Amt

Total fare charged (400 tickets)

800,000

Less :- Passengers tax

8,00,000

Basic fare

72,00,000

5% of Basic fare

3,60,000

Value of supply

(b) Taxable Supply for International flight

Particular

Total fare charged (200 tickets)

60,00,000

Less :- Passenger tax

15,00,000

Basic fare

45,00,000

10% of Basic fare

Value of supply

4,50,000

- Value of Supply in relation to Life Insurance Business :-

Value of supply shall be :

i) The gross premium charged from a policy holder reduced by the amt. allocated for saving on behalf of the policy holder, if such amt. is intimated to the policy holder at the time of supply of services.

ii) In case of single premium annuity policies other than above, 10% of single premium charge from policy holder

iii) In all other cases 25% of premium charged from the policy holder in first year & 12.5% of premium charged from policy holder in subsequent years.

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Ex 15

000,00,8
not agreed - : 000,00,00
000,00,85
ref used
000,00,85
used for 1/2
000,00,8
used for 1/2
000,00,8
used for 1/2

right to terminate if not paid after 60 days (a)

000,00,00 (Exhibit 002) legend ref Int'l

000,00,21 not agreed - : 000,00,00

000,00,21 ref used - : 000,00,00

000,00,21 ref used for 1/2

000,02,4
used for 1/2

example of it at writer is applied for 000,00,00
- : examined

000,00,00
used in ref legend min ref ex gl att (i 25,000
of attorney. The attorney is entitled to
be paid paid off for legal or medical expenses
which are paid off by the attorney in
connection with the services of the attorney.

not extra legal expenses incurred above for over 100,000
which are paid off by the attorney for 100,000

1.5 crore GS
75 lakh SS \rightarrow can opt for composition scheme.

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(a) Input Tax Credit -

Output - Input = Net Tax Payable

Given Add Tax paid (based on val) 207
 $(207 + 207 \text{ factors}) \times \frac{1}{100} \times 100,000$
 $(207 + 207 \text{ factors}) \times \frac{1}{100} \times 100,000$
Total Tax paid : spread over
 $6800 + 207 \times 10\% \text{ lab for factors}$
 $(207 \text{ factors} \times 10\% \text{ lab for factors}) \times 100,000$
Total Tax paid : spread over
Total Tax paid : spread over

Cost of Material

200000 \$ Freight

000.00 \$ Handling charge for loading through a local 207

000.00 \$ $207 \times 10\% \text{ lab for factors} \times 100,000$ 207

000.00 \$ 207 $\times 10\% \text{ lab for factors} \times 100,000$ 207

000.25 \$ $207 \times 10\% \text{ lab for factors} \times 100,000$ 207

022251 \$ (2.05×00025) spread over factors 25,487.56

00004 \$ $207 \times 10\% \text{ lab for factors} \times 100,000$ 207

028101 \$ $207 \times 10\% \text{ lab for factors} \times 100,000$ 207

29

022251 \$ $207 \times 10\% \text{ lab for factors} \times 100,000$ 207

000025 \$ $207 \times 10\% \text{ lab for factors} \times 100,000$ 207

028102 \$ $(207 \times 10\% \text{ lab for factors} \times 100,000)$ 207

000025 \$ $207 \times 10\% \text{ lab for factors} \times 100,000$ 207

00051

002152,10 $207 \times 10\% \text{ lab for factors} \times 100,000$ 207

05/12/19

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Custom Duty

(Ch-6)

* Calculation of Assessable Value -

FOB (Free on Board)

Add:- Air freight (20% of FOB)

Ocean freight

Insurance charges :

(1.125% of FOB)

CIF (Cost Including Insurance & Freight)

Conversion into Indian currency

Assessable Value

06/12/19
Ques Pg 84

FOB

\$
\$ 20,000

Add:- Engineering & design charges

\$ 1000

License (20% of FOB)

\$ 4000

Material & component supply

Custom FOB

\$ 25000

Convert into Rupee ($\$ 25000 \times 70.25$) ₹ 1756250

Add:- Material & component supply

40000

Custom FOB

1756250

Rs

FOB

FOB

1756250

Add:- Air Freight (421500) ~~excl. ed~~

(6,000 \times 70.25) or (20% of FOB)

359250

whichever is less

Add:- Insurance charge

12000

Assessable Value

21,67,500

Computation of Custom Duty (Ch 7)

Pg 108

Ques 2

Assessable Value	500000
BCD (20% of A.V)	VA
20% (20% of 500000) (AV + VAS)	1,00,000
Add: - Add. CVD (12% of 1,00,000)	12000
28128 (AV + BCD + CVD)	1,12,000
28128 (50000 + 100000 + 12000)	72000
Add: - SWS 10%	
20000 (BCD + CVD × 10%)	20000
28128 (100000 + 72000 × 10%)	7200
Custom Duty Payable	<u>189200</u>

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Ques 17

Cost of Machine	(28128 + 2000 + 00081) FOB	20,000
Transportation Charge	800	
Handling Charge for loading the machine in ship	50	
FOB	20850	
Add: - Freight Charges	(20850 × 10%)	4000
Demurrage Charges	400	
Insurance Charges (1.25% of FOB)	234.56	
CIF or AV	25,484.567	

$$1 US\$ = 60 Rs$$

BCD (10% of AV)	152907.4
Add: - SWS (10% BCD)	15290.74
Add: - IGST (12% of AV + BCD + SWS)	203672.66
Add: - GST Comp. less 10% of AS + BCD + SWS	1,69727.21
Custom Duty Payable	<u>511,598.01</u>

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Q 19

CIF (2000×2)

4000

Rate of Exchange

(1\$ = Rs 60)

2,40,000

AV

2,40,000

BCD ($20\% \times AV$)

48000

SWS ($10\% \text{ of BCD}$)

4800

IGST ($12\% \text{ of AV + BCD + SWS}$)

35136

Total Cost of Company

3,27,936

Market Price (2000×230)

4,60,000

Less :- Total Cost

3,27,936

Profit

1,32,064

Fine ($50\% \text{ of Profit}$)

66,032

Total Duty (BCD + SWS + IGST)

87,936

(48000 + 4800 + 35136)

Total Amt. Payable

1,53,968

Registration (Theory)

Assumption

Rs 0.8521

Rs 1.0000

Rs 0.8521

Rs 1.0000

Rs 0.8521

Rs 0.8521