

[4]

- ii. Evaluate the advantages and disadvantages of the composition levy scheme. How does it compare to regular GST registration? **6** 5 5 4 10,11
- OR iii. A small bakery owner has an annual turnover of ₹1.8 million and sells baked goods and specialty cakes. The owner is considering opting for the composition levy. **6** 4 2, 3 5 12
- (a) Discuss whether the bakery owner is eligible for the composition levy scheme.
- (b) What conditions must the bakery meet to qualify?
- (c) What would be the implications of opting for or rejecting the composition levy?
- Q.6 Attempt any two:
- i. ABC Trading Co. sells consumer electronics. In the latest quarter, they have made several purchases and sales: **5** 5 4 5 14
- (a) Purchases: Laptops worth Rs. 1,000,000 (GST Rs. 180,000) utilized directly for business.
- (b) Office furniture worth Rs. 150,000 (GST Rs. 27,000) for the office.
- (c) Marketing services (advertisement) of Rs. 50,000 (GST Rs. 9,000).
- (d) Gifts to clients costing Rs. 20,000 (GST Rs. 3,600).
- (e) Sales: Total taxable sales of Rs. 2,000,000 (GST Rs. 360,000).
- Calculate the total Input Tax Credit (ITC) eligible for ABC Trading Co. and identify any items that do not qualify for ITC, along with reasons for disqualification.
- ii. What is Input Tax Credit (ITC)? List three conditions under which a taxpayer can claim ITC. **5** 2 2 1 13
- iii. (a) What documentation is required to claim ITC under GST? **5** 3 3 2 15
- (b) What is the time limit for claiming ITC for a particular tax period?

Total No. of Questions: 6

Total No. of Printed Pages:4

Enrollment No.....



Faculty of Management Studies

End Sem Examination Dec 2024

MS3EF04 Goods & Service Tax

Programme: BBA

Branch/Specialisation: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- | | Marks | BL | PO | CO | PSO |
|---|-------|----|----|----|-----|
| Q.1 i. Which of the following is not a characteristic of GST? | 1 | 1 | 1 | 1 | 1,2 |
| (a) Destination-Based tax | | | | | |
| (b) Cascading effect | | | | | |
| (c) Multi-Stage tax | | | | | |
| (d) Input tax credit availability | | | | | |
| ii. Which type of GST is applicable on inter-state supplies? | 1 | 1 | 1 | 1 | 1,2 |
| (a) Central Goods and Services Tax (CGST) | | | | | |
| (b) State Goods and Services Tax (SGST) | | | | | |
| (c) Integrated Goods and Services Tax (IGST) | | | | | |
| (d) Union Territory Goods and Services Tax (UTGST) | | | | | |
| iii. Which document is not required during the GST registration process? | 1 | 1 | 2 | 2 | 5 |
| (a) PAN Card | | | | | |
| (b) Bank Statement | | | | | |
| (c) Business Plan | | | | | |
| (d) Proof of business registration | | | | | |
| iv. What action must a business take if its turnover exceeds the threshold limit for GST? | 1 | 1 | 2 | 2 | 5 |
| (a) Ignore GST | | | | | |
| (b) File annual returns | | | | | |
| (c) Register for GST | | | | | |
| (d) Pay additional tax | | | | | |

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| v. | The GST rate for most goods falls under which of the following categories? | 1 | 1 | 2 | 3 | 7,8 |
| | (a) 5% (b) 12% (c) 18% (d) All of these | | | | | |
| vi. | Which of the following goods is exempt from GST? | 1 | 1 | 2 | 3 | 8 |
| | (a) Food grains (b) Luxury cars (c) Electronic goods (d) Tobacco products | | | | | |
| vii. | What is the maximum annual turnover limit for a business to be eligible for the Composition levy (as of my last knowledge update)? | 1 | 2 | 2 | 4 | 9,10 |
| | (a) ₹50 lakhs (b) ₹75 lakhs (c) ₹1 crore (d) ₹2 crore | | | | | |
| viii. | Which of the following is not eligible for the composition levy scheme? | 1 | 2 | 2 | 4 | 11 |
| | (a) Manufacturer of goods (b) Trader of goods (c) Service provider with annual turnover below the threshold (d) E-commerce operator | | | | | |
| ix. | Which of the following statements about input tax credit is correct? | 1 | 2 | 2 | 5 | 13,14 |
| | (a) ITC can be claimed for personal purchases. (b) ITC is available on exempt supplies. (c) ITC is available for inputs used for making taxable supplies (d) ITC is always available without conditions. | | | | | |
| x. | Which of the following inputs cannot be claimed under ITC provisions? | 1 | 2 | 2 | 5 | 13 |
| | (a) Raw materials purchased for production (b) Office stationery used for business purposes (c) Food and beverage expenses for employees (d) Machinery used for manufacturing goods | | | | | |
| Q.2 | i. List and explain two characteristics of goods and services tax. | 2 | 3 | 2 | 2 | 1,2 |
| | ii. Explain the necessity of GST registration for businesses. | 3 | 2 | 1 | 1 | 2,3 |
| | iii. Analyze the types of GST and their specific purposes. How do they interact in the tax framework? | 5 | 5 | 3 | 2 | 3,4 |

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| OR | iv. Explain the registration procedure under GST. Discuss the different types of registrations and the implications of not being registered. | 5 | 5 | 4 | 2 | 4 |
| Q.3 | i. Differentiate between mixed supply and composite supply. | 4 | 4 | 3 | 2 | 5 |
| | ii. Examine the process of GST registration in detail and analyze its importance in the indirect tax structure of the country. | 6 | 5 | 3 | 2 | 5 |
| OR | iii. XYZ Ltd., located in Mumbai supplies goods in Chennai as well as in neighbouring states Haryana, Rajasthan, and Madhya Pradesh. The company has noted its turnover never exceeds 30 lakhs. Examine whether XYZ Ltd is required to register under GST. If yes, in which states registration are required. Comment. | 6 | 5 | 5 | 4 | 6 |
| Q.4 | i. A dealer sells a product for ₹10,000. The applicable GST rate for this product is 18%. Calculate the taxable value and the GST liability. | 3 | 3 | 2 | 2 | 7 |
| | ii. A local farmer sells fresh vegetables at the local market. The government has specified that agriculture products, including most fresh vegetables, are exempt from GST. (a) Analyze how exemption from GST impacts the farmer's pricing strategy. (b) Discuss the advantages and disadvantages of exemption for both the farmer and consumers. | 7 | 4 | 3 | 5 | 8 |
| OR | iii. A retailer sells a batch of electronic goods for ₹50,000, with the applicable GST rate at 18%. The retailer also offers a discount of ₹5,000 on the selling price. (a) Calculate the taxable value and GST liability for the retailer. (b) Discuss how the discount affects the GST calculation and the implications for the retailer's profit margin. | 7 | 4 | 3 | 5 | 9 |
| Q.5 | i. Some persons not eligible for composition levy. Explain. | 4 | 2 | 2 | 1 | 10,11 |

Marking Scheme
MS3EF04 (T) Goods & Service Tax (T)

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| Q.1 | i) B. Cascading Effect | 1 |
| | ii C. Integrated Goods and Services Tax (IGST) | 1 |
| | ii C. Business Plan | 1 |
| | iv C. Register for GST | 1 |
| | v D. All of the above | 1 |
| | v A. Food grains | 1 |
| | v D. ₹1.5 crore | 1 |
| | v D. E-commerce operator | 1 |
| | iv C) ITC is available for inputs used for making taxable supplies. | 1 |
| | x C) Food and beverage expenses for employees | 1 |
| Q.2 | i. Meaning of GST | 2 |
| | Two characteristics of Goods and Services Tax 1 marks each | |
| | ii Proper explanation the necessity of GST registration for businesses | 3 |
| | ii Types of GST and their specific purposes. 3 marks | 5 |
| | Explain they interact in the tax framework 2 marks | |
| OR | iv Explain the registration procedure under GST. 3 marks | 5 |
| | Different types of registrations and the implications 2 marks | |
| Q.3 | i. 4 Difference points | 4 |
| | ii Process of GST 4 marks | 6 |
| | Importance 2 marks | |
| OR | ii Full explanations | 6 |
| Q.4 | i. Solution: | 3 |
| | Taxable Value = Selling Price = ₹10,000 | |
| | GST = Taxable Value × GST Rate | |
| | GST = 10,000 × 0.18 = ₹1,800 | |
| | Total Amount Payable = Selling Price + GST = ₹10,000 + ₹1,800 = ₹11,800 | |
| | ii Full explanation with clear points | 7 |
| OR | ii Solution Steps: | 7 |
| | 1. Calculate the Selling Price after Discount: | |
| | Selling Price after Discount=Selling Price–Discount =₹50,000–₹5,000=₹45,000 | |

2. **Calculate the Taxable Value: Under GST**, the taxable value is based on the selling price after any discounts offered to customers. Therefore, the taxable value is: Taxable Value=Selling Price after Discount=₹45,000
3. Calculate GST Liability: GST Liability=Taxable Value×GST Rate
GST =₹45,000×18%=₹45,000×0.18=₹8,100

Final Calculations:**Taxable Value: ₹45,000****GST Liability: ₹8,100****4 marks**

Discussion: How Discount Affects GST Calculation 3 marks

1. Impact of Discount on Taxable Value:

2. Profit Margin Implications:

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| Q.5 | i. Proper explanations | 4 |
| | ii Advantages and disadvantages of the Composition Levy scheme. 4 marks | 6 |
| | How does it compare to regular GST registration? 4 marks | |
| OR | ii Full explanation with eligibility criteria, conditions, and implications. | 6 |
| | Small summary: Given the bakery owner's annual turnover of ₹1.8 million, they do not qualify for the Composition Levy due to exceeding the ₹1.5 crore threshold. However, understanding the implications of opting for or rejecting the levy is crucial for strategic business decisions, especially regarding tax liability, compliance burden, and cash flow management. | |
| Q.6 | Attempt any two: | |
| | i. Eligible ITC Calculation: | 5 |
| | Laptops: ITC = Rs. 180,000 (direct business use) | |
| | Office furniture: ITC = Rs. 27,000 (business use) | |
| | Marketing services: ITC = Rs. 9,000 (used for promoting business) | |
| | Gifts to clients: ITC = Rs. 0 (no ITC allowed on gifts as they are considered personal expenses) | |
| | Total ITC = Rs. 180,000 + Rs. 27,000 + Rs. 9,000 = Rs. 216,000. | |
| | Non-eligible ITC: | |
| | Gifts cannot be claimed under ITC provisions as they are considered for personal consumption or entertainment | |
| | ii What is Input Tax Credit (ITC). 2 marks | 5 |
| | List three conditions under which a taxpayer can claim ITC. 3 marks | |
| | ii Documentation is required to claim ITC under GST. 2.5 marks | 5 |
| | Define the time limit for claiming ITC for a particular tax period 2.5 marks | |

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