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Answer Paper	
Indirect Tax Laws	Duration: 65
Details: Test- 1	Marks: 35

## Instructions:

- All the questions are compulsory
- Properly mention test number and page number on your answer sheet, Try to upload sheets in arranged manner.
- In case of multiple choice questions, mention option number only Working notes are compulsory wherever required in support of your solution
- Do not copy any solution from any material. Attempt as much as you know to fairly judge your performance.

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**ANS 1:**

<b>(i)</b>	This is a mixed supply. These items can be sold separately. Product which has the higher rate, will apply on the whole mixed bundle. i.e., 28%.
<b>(ii)</b>	It is a bundle of supplies. It is composite supply where the products cannot be sold separately. The transportation of passenger is, therefore, the principal supply. Rate of tax applicable to the principal supply will be charged to the whole composite bundle. Therefore, rate of GST applicable to transportation of passengers by rail will be charged by IRCTC on the booking of Rajdhani ticket.
<b>(iii)</b>	If the laptop bag is supplied along with the laptop in the ordinary course of business, the principal supply is that of the laptop and the bag is an ancillary. Therefore, it is a composite supply and the rate of tax would be that at applicable to the laptop. Hence, applicable rate of GST 18% on Rs. 55,000. CGST is Rs. 4,950 and SGST is Rs. 4,950.
<b>(iv)</b>	It is supply of service. GST is liable to be paid
<b>(v)</b>	<p>In the ordinary course it is a supply of service.</p> <p>However, non performance of contract by the supplier of service in case of supplies to Government, local authority is covered under exemption.</p> <p>The fine or penalty chargeable by Government or local authority imposed for violation of statute, bye-laws, rules or regulations or contract are not leviable to GST. Hence no liability to GST and no tax liability.</p>
<b>(vi)</b>	Such payment is not a supply of service. The fine or penalty chargeable by Government or local authority imposed for violation of statute, bye-laws, rules or regulations are not leviable to GST. The penalty of Rs. 2,00,000 is not taxable under GST law
<b>(vii)</b>	No, the transfer of the furniture by the owner without consideration is not a supply of goods, because credit is not allowed in case of personal consumption of business assets

	under sec 17(5)(g) of CGST Act, and ITC on such furniture is not availed.
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**(7 Marks)**

**ANS-2**

Yes, the view of Mr. Rahul Sharma is correct. GST is payable under reverse charge in case of supply of services by an author by way of transfer/permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary work to a publisher located in the taxable territory in terms of reverse charge Notification No. 13/2017-CT(R) dated 28-06-2017. Therefore, in the given case, person liable to pay tax is the publisher – SBP.

However, since SBP has completely refused to deposit the tax on the given transaction, Mr. Rahul Sharma has an option to pay tax under forward charge on the same. For the purpose, he needs to fulfill the following conditions:

- (i) Since he is unregistered, he has to first take registration under the CGST Act, 2017
- (ii) He needs to file a declaration, in the prescribed form, that he exercises the option to pay CGST on the said service under forward charge in accordance with section 9(1) of the CGST Act and to comply with all the provisions as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;
- (iii) He has to make a declaration on the invoice, which he would issue to SBP, in prescribed form.

**(5 Marks)**

**ANS-3****Computation of Value of taxable supply and GST liability (amount in Rs.)**

Particulars	Amount in Rs.
Total receipts	25,00,000
<b>Less:</b> Receipts of 'Gan sagar' an industrial training institute (ITI) affiliated to the National Total Receipts Council for Vocational Training (NCVT), are not liable to GST, since the same are exempt vide Entry 66 of Notification No. 12/2017-CT (Rate).	-1,20,000
<b>Less:</b> Receipts of 'Edu-care' a vocational education provider affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC) are exempt vide Entry 69 of Notification No. 12/2017-CT (Rate).	-1,80,000
<b>Less:</b> Receipts of 'Abhigyan Skill Centre' an industrial training centre (ITC) affiliated to the State Council for Vocational Training, Rajasthan, not liable to GST, since the same are exempt vide Entry 66 of Notification No. 12/2017-CT (Rate).	-2,00,000
<b>Less:</b> Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council of Vocational Training - Not liable to GST, since the same is exempt vide Entry 66 of Notification No. 12/ 2017-CT (Rate).	-1,00,000
<b>Less:</b> Receipts of 'Scinart' a commercial coaching institute providing commercial and coaching in the field of arts d science shall be liable for GST.	Taxable
<b>Less:</b> Receipts of 'Commerce concepts' a Commercial coaching institute providing o the field of commerce shall be liable for GST irrespective of the	Taxable

fact that a certificate was awarded to each trainee after completion of the training.	
<b>Less:</b> Receipts of Gurukul school providing education upto higher secondary shall are exempt vide Entry 66 of Notification No. 12/2017-CT (Rate)].	-6,00,000
<b>Less:</b> Receipts of 'Play Kids' school providing education upto primary level i.e. Rs.8 lakhs are exempt vide Entry 66 of Notification No. 12/2017-CT (Rate). However, receipts from renting of premises by the school to commercial coaching: centre shall be liable for GST.	-8,00,000
<b>Value of taxable supply</b>	<b>5,00,000</b>
<b>GST payable @ 18%</b>	<b>90,000</b>

(6 Marks)

#### **ANS-4**

**Registration requirements:** As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07-03-2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.

The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

- I. Rs.10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- II. Rs.20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand
- III. Rs.40 lakh for rest of India.

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

- (i) Rs.10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (ii) Rs.20 lakh for the rest of India.

**Aggregate turnover:** As per section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of:

- (i) All taxable supplies,
- (ii) All exempt supplies,
- (iii) Exports of goods and/or services and
- (iv) All inter-State supplies of persons having the same PAN.

The above is computed on all India basis.

In the light of the afore-mentioned provisions, the aggregate turnover of R.K. Enterprises is computed as under:

Computation of State-wise aggregate turnover of R.K. Enterprises:

Particulars	Himachal Pradesh (Rs.)	Uttarakhand (Rs.)	Tripura (Rs.)
Intra- State sale of taxable goods	22,50,000	-	7,00,000
Intra-State sale of exempted goods	-	-	6,00,000
Interest received from banks on the fixed deposits [WN-1]			60,000
Intra-State sale of non-taxable goods [WN-2]	-	21,00,000	40,000



Aggregate Turnover	22,50,000	21,00,000	14,00,000
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### Working Notes:

(1) Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) is exempt vide Notification No. 12/2017-CT (R) dated 28.06.2017. Since aggregate turnover includes exempt supply, interest received from banks on the fixed deposits, being exempt supply, is included in the aggregate turnover.

(2) As per section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, intra-State supply of non-taxable goods in Uttarakhand, being a non-taxable supply, is an exempt supply and is, therefore, included in the aggregate turnover.

In the given case, R.K. Enterprises is engaged in exclusive intra-State supply of goods from Himachal Pradesh and Uttarakhand and in supply of both goods and exempted services from Tripura, the threshold limit for registration will be Rs. 40 lakh, 20 lakh and 10 lakh respectively.

Further, since R.K. Enterprises also makes taxable supply of goods from one of the specified Special

Category States (i.e. Tripura), the threshold limit for registration will be reduced to Rs. 10 lakh.

(1) Thus, in view of the above-mentioned provisions, R.K. An enterprise is liable to be registered under GST law with the aggregate turnover amounting to 57, 50,000 (computed on all India basis). The applicable threshold limit of registration in this case is 10 lakh.

(a) If R.K. Enterprises is dealing in supply of goods only from Himachal Pradesh, the applicable threshold limit of registration would be Rs.40 lakh. Thus, R.K. Enterprises will not be liable for registration as its aggregate turnover would be Rs.22,50,000.

**(b)** If R.K. Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh then higher threshold limit of 40 lakh will not be applicable as the same applies only in case of exclusive supply of goods. Therefore, in this case, the applicable threshold limit will be Rs.20 lakh and hence, R.K. Enterprises will be liable to registration.

**(c)** In case of inter-State supplies of taxable goods, section 24 of the CGST Act, 2017 requires compulsory registration irrespective of the quantum of aggregate turnover. Thus, R.K. Enterprises will be liable to registration.

**(7 Marks)**

**ANS-5**

Rule 138(1) of the CGST Rules, 2017 provides that e-way Bill is mandatorily required to be generated if goods are moved, inter alia, in relation to supply and the consignment value exceeds Rs. 50,000. Further explanation 2 rule 138(1) stipulates that the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in a invoice, a bill of supply or a delivery challan as the case may be issued in respect of the said consignment and also includes CGST, SGST/UTGST, IGST and cess charged, if any, in the document and shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods:

Accordingly, in the given case, the consignment value will be as follows:

S.No	Particulars	Consignment Value (Rs.)	
I.	Taxable value of supplies indicated on tax invoice:	35,000	
	<b>Add:</b> GST @ 18%	6,300	41,300
II.	Value of exempt supplies [The same shall not be included]		-



III.	Value of goods to be sent to job worker on delivery challan		15,000
	<b>Consignment value for the purpose of generating E-way bill</b>		<b>56,300</b>

Since the movement of goods is in relation to supply of goods and the consignment value exceeds Rs. 50,000, e-way bill is mandatorily required to be issued in the given case. Besides this, where goods are sent by a Principal located in one State or Union territory to a job worker located in any other State or Union territory, the e-way bill shall be generated either by the Principal or the job worker, if registered, irrespective of the value of the consignment. Thus, in this case E-way bill is required to be generated.

(5 Marks)

### MCQ ANSWERS

A-1: A

A-2: D

**Explanation:** All of the services so specified are exempt from tax.

A-3: C

**Explanation:**

(i) An agent, supplying goods on behalf of principal where invoice is issued in the name of principal, is required to get compulsorily registered under GST — This statement is incorrect.

(ii) Persons who are required to deduct tax under section 51, whether or not separately registered under this Act are compulsory required to get registered under GST without any threshold. The said statement is correct.

(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. —This statement is incorrect.

(iv) Persons who supply services, other than supplies specified under section 9(5), through such electronic commerce operator who is required to collect tax at source under section 52 are compulsory required to get registered under GST without any threshold. - This statement is incorrect.

**A-4: A**

**Explanation:** To Issue a Credit Note for the excess taxable value/tax on or before in the return for the month of September following the end of the financial year or the date of the filing of the Annual Return whichever is earlier.

**A-5: (A)**

**Explanation:** Every registered person require to keep and maintain books of account or other records in accordance with the provisions of Section 35(1) shall retain them until 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.