

Indirect Tax Laws (Test -1)

Overall attempt is good. You have good conceptual knowledge of relevant part, presentation is also good. You can perform even better. You are advised to practice such numerical questions which cover the technical points, formulas and adjustments of entire chapters. Practice more and more questions from institute material.

MEB

1. A. Incorrect, the person is required to take registration & pay tax under reverse charge irrespective of the fact that threshold is crossed or not.

2. D. All of the above.

3. C (i), (iii), (iv)

4. A

5. A

Q1 (i) It is a mixed supply since bucket and detergent can be sold individually. In mixed supply, product which has higher rate will be applied on whole bundle i.e. 28%.

do underline the main content of the question

(ii) It is a composite supply since transportation and meals provided cannot be sold separately. i.e. they are naturally bundled. Since transportation is a principal supply, GST rate applicable will be that of such principal supply i.e. rate applicable to transportation of passengers while booking such ticket.

This is an error-free answer. Good job!

(iii) Since laptop bag is sold along with laptop to a customer i.e. in ordinary course of business then

(2)

such supply will be considered as a composite supply where laptop sold is a principal supply & laptop bag sold is ancillary to it. Therefore, GST rate applicable will be that of principal supply i.e. 18%. Since the amount is inclusive of GST therefore GST liability will be $\frac{55000 \times 18}{118} = 8,390$ i.e.

Therefore GST liability on such supply will be
 CGST = $55000 \times 9\% = 4950$
 SGST = $55000 \times 9\% = 4950$

- (iv) Yes, it is a supply of service and GST will be leviable ✓
- (v) Non performance of a contract by supplier of service in case of supplies to Government, local authority is covered under exemption. Therefore fine or penalty chargeable by Government or local authority is not leviable to tax. Hence there will be no GST liability i.e. there will be no GST liability on liquidation damage charges charged by CMC ✓
- (vi) Fine or penalty chargeable by Government or local authority is not leviable to tax, hence penalty charged to M/s Priya Ltd. will not be leviable/not taxable under GST law.
- (vii) No, since permanent transfer of business asset on

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which ITC has not been availed will not be covered under supply in terms of GST Act.

Q2 → Yes view of Mr. Rahul Sharma that SBP is liable to pay tax under reverse charge is correct, since service provided by an author by way of permitting the use of a copyright relating to original literary work to a publisher is covered under reverse charge i.e. publisher is liable to pay tax under reverse charge.

However since SBP has completely refused to deposit tax Mr. Rahul Sharma has an option to pay tax under forward charge by fulfilling the following conditions:

- he has to first take registration since he is unregistered.
- he needs to file declaration in prescribed form that he exercises option to pay under forward charge and to comply with all the provisions as they apply to a person liable for paying the tax and that he shall not withdraw said option within a period of 1 year from the date of exercising such option.

Quoting correct provisions along with sections, relevant case law, circular or notifications if any can stimulate the examiner to provide good marks.

- he has to make declaration on the issue to SBP.

(4)

Q3 →	Particulars	Amt (₹)
	Total receipts	2500000
	Receipts of 'Agar Sugar' and Industrial Training Institute (ITI)	(120000)
(2)	Receipts of Edu care a vocational education provider.	(180000)
(3)	Receipts of 'Abhigyan Skill Centre' an Industrial Training Centre	(200000)
(4)	Receipts of Mission an institute registered with DGET	(100000)
(5)	Receipts of 'Sinarat' a commercial coaching institute	-
(6)	Receipts of 'Commerce concepts' a commercial coaching institute	
(7)	Receipts of Gurukul school	(600000)
(8)	Receipts of 'Play Kids' school (Receipts from renting of premises will be liable to GST)	(800000)
	Taxable supply	500000
	GST liability @ 18%	90000

Working notes and assumptions are the part of answer, for which marks are allotted.

Q4 → As per section 22 a supplier is liable to be registered if his aggregate turnover in a financial year exceeds ~~Rs 20,00,000~~ threshold limit

If the supplier is engaged exclusively in supply of goods then threshold limit will be :

- Rs 10 lakhs for Manipur, Mizoram, Tripura, Nagaland
- Rs 20 lakhs, for Jharkhand Pradesh, Meghalaya, Uttarakhand, Sikkim, Telangana and Puducherry
- Rs 40 lakhs for all other states

If supplier is engaged in both supply of goods as well as services then threshold limit will be :

- Rs 10 lakhs for Manipur, Mizoram, Tripura, Nagaland
- Rs 20 lakhs for all other states.

Aggregate turnover includes :

- all taxable supplies
- all exempt supplies
- export of goods and/or services
- inter state supplies of person having same PAN

Computation of Aggregate Turnover of R.K. Enterprises :

Particulars	HP	Uttarakhand	Tripura
Intra-state supply of taxable goods	22,50,000	-	7,00,000

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Intra-state sale of exempted goods	-	-	600000
Interest from bank	-	-	60000
Intra state sale of non-taxable goods	-	2100000	40000
Aggregate Turnover	2250000	2100000	1400000

In the given case, RK Enterprises is exclusively engaged in intra-state supply of goods from Himachal Pradesh and Uttarakhand and in supply of both goods & exempted services from Tripura therefore threshold limit will be Rs 40 lakhs, Rs 20 lakhs & Rs 10 lakhs respectively.

- (1) RK Enterprise is liable to be registered under GST law since aggregate turnover amounts to Rs 57,50,000. Applicable threshold limit for registration in this case is 10 lakhs.
- (a) If RK Enterprise is dealing in supply of goods only from HP applicable threshold limit would be Rs 40 lakhs. Thus RK enterprise will not be liable for registration.
- (b) If RK Enterprise is dealing in taxable supply of goods & services only from HP therefore threshold limit would be Rs 20 lakhs. Thus, RK.

enterprise will be liable for registration.

- (c) As per section 24 in case of inter state supplies of taxable goods supplier is liable to be compulsorily registered irrespective of quantum of aggregate turnover hence P.K. Enterprise will be liable to registration.

Q5 → Eway bill is mandatorily required to be generated in relation to supply of goods if its consignment value exceeds Rs. 50,000. **Rule 138(1) of the CGST Rules, 2017 provides that Eway 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** value includes value mentioned/declared in invoice/bill of supply/delivery challan ^{along with} shall also include CGST, SGST/UTGST and cess charged and shall exclude value of exempt supply of goods

In the given case consignment value will be:

Particulars	Amr (₹)	Ant (₹)
I. Taxable value of supplies	35000	
Add: GST @ 18%	6300	41,300

II. value of exempt supplies

III. value of goods to be sent to job worker on delivery challan		15000
		56,300

This is an exhibition of your competency in this subject.

⑧

5. Since movement of goods, its consignment value exceeds Rs 50000 e-way bill is mandatorily required to be issued.

Where goods are sent by a Principal located in one state to a job worker located in another state e-way bill shall be generated either by principal or job worker if registered irrespective of value of consignment.