

PRACTICAL EXAMPLES

1. M/S C LTD CHENNAI PROCURED GOODS 10,000 KGS @ ` 100 PER KG. FROM M/S D LTD OF DELHI. THESE GOODS CAME TO M/SC LTD OF CHENNAI IN THE FOLLOWING MANNER:

DATE OF DISPATCH	NO. OF KG DISPATCHED	DATE OF RECEIPT	NORMAL LOSS IN TRANSIT KG	ABNORMAL LOSS IN TRANSIT KG	NO. OF KG RECEIVED
10 TH OCT	2000	15 TH NOV	2	NIL	1998
2 ND NOV	5000	20 TH NOV	5	NIL	4995
3 RD DEC	3000	1 ST JAN	1	20	2979

INVOICE SHOWS 10,000 KGS. AND GST @18%.

YOU ARE REQUIRED TO ANSWER:

- (A) M/S C LTD CAN AVAIL THE PROPORTIONATE CREDIT ON 15TH NOV AND 20TH NOV.
 (B) M/S C LTD IS ELIGIBLE FOR INPUT TAX CREDIT IF SO WHEN.
 (C) HOW MUCH CREDIT IS ALLOWED TO M/S C LTD.

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2. M/S A LTD OF ALUVA (KERALA) RECEIVES THE INPUT SERVICE FROM M/S B LTD OF BENGALURU WHO RAISES THE INVOICE FOR SUPPLY OF SERVICE ON 17TH DEC 2017 AND AVAILED THE CREDIT ON THE SAME DATE. FIND THE TIME LIMIT WITHIN WHICH M/S A LTD IS REQUIRED TO PAY THE BILL AMOUNT INCLUSIVE OF TAX TO SUPPLIER OF SERVICE. ALSO EXPLAIN CONSEQUENCE IF PAYMENT IS NOT MADE WITHIN THE STIPULATED TIME PERIOD AS MENTIONED IN 2ND PROVISOTO SECTION 16(2) OF THE CGST ACT, 2017. RE-CREDIT IS ALLOWED IF THE PAYMENT IS MADE TO THE SUPPLIER OF SERVICE AFTER EXPIRY OF TIME PERIOD AS MENTIONED IN 2ND PROVISOTO SECTION 16(2) OF THE CGST ACT, 2017.

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3. M/S X LTD. HAS ESTABLISHMENT IN CHENNAI, AND ESTABLISHMENT IN HYDERABAD. SUPPLY OF GOODS (OPEN MARKET VALUE OF ` 5,00,000) MADE BY M/S X LTD. CHENNAI TO M/S X LTD. HYDERABAD. M/S X LTD. CHENNAI PAID IGST OF ` 60,000. ACCORDINGLY M/S X LTD. HYDERABAD AVAILED THE INPUT TAX CREDIT OF ` 60,000. 2ND PROVISOTO SECTION 16(2) OF CGSTACT, 2017 IS APPLICABLE IN THE GIVEN CASE (I.E TO REVERE THE CREDIT WHERE PAYMENT IS NOT MADE WITHIN 180 DAYS FROM THE DATE OF INVOICE). ADVISE.

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4. M/S JAY LTD. BEING A MANUFACTURER PURCHASED MACHINERY WORTH ` 10,00,000 ON WHICH GST ` 1,80,000 IS PAID. CALCULATE ITC AMOUNT UNDER VARIOUS OPTIONS.

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5. M/s. Vipin Ltd. purchased raw material 'A' 10,000 kg @ ₹ 80 per Kg. plus GST. The said raw material was used to manufacture product 'P'. The other information's are as under:

- (i) Processing loss : 2% on inputs 'A'.
- (ii) Transaction value of 'P' : ₹ 100 per kg.
- (iii) Other material 'M' used in the manufacture of 'P' : ₹ 2 lac plus GST.
- (iv) GST on capital goods imported during the period and used in the manufacture of 'P':
 - Basic customs duty ₹ 20,000
 - IGST under customs under section 3(1) of the Customs Tariff Act, 1975 ₹ 10,000;
- (v) Rate of GST on 'A', 'M' and 'P' : 12%.

M/s. Vipin Ltd. is not eligible for composition scheme under Section 10 of CGST Act, 2017

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MTP JUNE 19

6. From the following information determine the amount of Input tax credit admissible to ABC Ltd. in respect of various inputs purchased during the month of September, 2019.

	Inward supplies	GST (₹)
(1)	Goods purchased without invoice	25,000
(2)	Goods purchased from PQR Ltd. (Full Payment is made by ABC Ltd to PQR Ltd. against such supply but tax has not been deposited by PQR Ltd.)	1,20,000
(3)	Purchases of goods not to be used for business purposes	18,000
(4)	Purchases of goods from TT Ltd. (Invoice of TT Ltd. is received in month of September 2019, but goods were received in month of October 2019)	24,000
(5)	Goods purchased against valid invoice from FF Ltd. Tax has been deposited by FF Ltd. ABC Ltd. has made payment to FF Ltd. for such purchases in the month of October 2019.	36,000

7. S Ltd. a registered manufacturer of Jaipur entered in a contract with a supplier for supply of Input 'X' in October, 2019. As per contract it was agreed that 10,000 kgs of Input 'X' will be supplied for ₹ 7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots. Invoice of ₹ 7,28,000 has been issued with supply of first lot of Input 'X'. Following further information has been provided regarding supply of Input received in subsequent lots. Briefly explain whether S Ltd. eligible to take credit on proportionate basis.

Input 'X' (in lots)	Quantity in Kgs	Date of Receipt of Supply
First Lot	2,500	19-10-2019

Second lot	3,000	21-10-2019
Third Lot	1,500	12-11-2019
Fourth Lot	3,000	01-12-2019

8. A registered supplier of taxable goods supplied goods valued at ₹ 2,24,000 (inclusive of CGST ₹ 12,000 and SGST ₹ 12,000) to Mohan Ltd. under the forward charge on 15-08-2019 for which tax invoice was also issued on the same date. The inputs were received by Mohan Ltd. on 15-08-2019. Mohan Ltd. availed credit of ₹ 24,000 on 18-08-2019. But Mohan Ltd. did not make any payment towards such supply along with tax thereon to the supplier. Is Mohan Ltd. eligible to avail input tax credit on such supply? What are the consequences of such non-payment by Mohan Ltd.? Discuss input tax credit provisions if Mohan Ltd. makes the payment of ₹ 2,24,000 to the supplier on 18-03-2020.

9. M/s. Alpha Limited Ahmadabad receives the input services from M/s. Beta Limited of Mumbai who raises the invoice for supply of services on 25th November, 2017 and availed the credit on the same date. Find the time limit within which M/s. Alpha Limited is required to pay the bill amount to M/s. Beta Limited. Also explain the consequences if payment is not made within the stipulated period as mentioned in Section 16(2) of CGST Act.

CMA INTER JUNE 18 EXAM (4 MARKS)