

TopLad

CMA INTER GROUP-2

INDIRECT TAXATION

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CMA INTER GST BOOK

INDEX

S. No	Chapter's Name	Page No
1.	Basics of GST	1-13
2.	Supply: Regular & Composition	14-23
3.	Exemptions	24-54
4.	Reverse Charge	55-60
5.	Time of Supply	61-77
6.	Value of Supply	78-100
7.	Place of Supply	101-123
8.	Input Tax Credit	124-189
9.	Registration	190-212
10.	Tax Invoice	213-220
11.	Accounts & Records	221-228
12.	Payment of Tax	229-233
13.	TCS	234-236
14.	TDS	237-239
15.	Returns under GST	240-245
16.	Matching Concepts	246-248
17.	Audit under GST	249-253
18.	E-Way Bill	254-259

BASICS OF GST

DIFFERENCE BETWEEN DIRECT AND INDIRECT TAX

<u>DIRECT TAX</u>	<u>INDIRECT TAX</u>
* Payer and sufferer of tax is same person.	Payer and sufferer of tax is not the same person.
* Income Based Taxes	Supply Based Taxes
* Rates of taxes are different from person to person	Rates of taxes are not different from person to person.
* Entire Revenue goes to Central Government of India.	Revenue source to Central Government of India as well as State Government (i.e. CGST & SGST)
* Previous year income assessed in the assessment year	There is no previous year and assessment year concept.
* Central Board of Direct Taxes (CBDT) is the regulator.	Central Board of Indirect Taxes & Customs (CBIC) is the regulator.
* Progressive Nature	Regressive Nature

CONSTITUTION [101ST AMENDMENT] ACT, 2016

Constitution (122nd Amendment) Bill, 2014 received the assent of the President of India on 8th September, 2016 and became Constitution (101st Amendment) Act, 2016, which paved the way for introduction of GST in India.

ARTICLE 246A

As per Article 246A, the power to levy GST has been given to the Parliament as well as to legislature of every state.

A) CGST → Enacted by Central Government of India.

B) IGST → Enacted by Central Government of India.

C) SGST → Enacted by respective State Government.

D) UTGST → Enacted by Central Government of India.

POWER TO LEVY CENTRAL EXCISE DUTY

The power to levy central excise duty on goods manufactured or produced in India is still available in respect of the following products:-

A) Petroleum Crude

- B) High speed Diesel
- C) Motor spirit (commonly known as Petrol)
- D) Natural gas
- E) Aviation Turbine fuel
- F) Tobacco and Tobacco Products

POWER TO IMPOSE TAX ON SALE

This power to impose tax on sale of the following products is still provided to the state governments :-

- A) Petroleum crude
- B) High speed Diesel
- C) Motor spirit (commonly known as Petrol)
- D) Natural gas
- E) Aviation Turbine fuel
- F) Alcoholic Liquor for human consumption.

ARTICLE 366(12A)

GST covers all the goods except Alcoholic Liquor for Human consumption. It means no GST can be levied on Alcoholic Liquor for human consumption.

Present System of State excise duty and sales tax on Alcoholic Liquor for human consumption will continue.

RELEVANT ACTS

The following bills became an Act on 12th April 2017:

- * Central Goods and Service Tax Bill, 2017
- * Integrated Goods and Services Tax Bill, 2017
- * Union Territory Goods and Services Tax Bill, 2017
- * Goods and Service Tax (Compensation to States) Bill, 2017.

IMPLEMENTATION OF GST IN INDIA

Goods and service tax (GST) has been implemented in India w.e.f 1st July 2017.

WHAT IS GST

- * A tax on supply of goods or services or both, except taxes on supply of alcoholic liquor for human consumption.
- * A levy on sale or service or both.

- * offers comprehensive and continuous chain of tax credit.
- * Eliminates cascading effect of tax.
- * Value Added Tax
- * destination based consumption tax.
- * Burden borne by final consumer.
- * brings uniform tax structure all over India.

ADVANTAGES OF GST

- * one nation one tax
- * removal of cascading effect of taxes.
- * Resultantly boost to make India attractive.
- * removal of bundled indirect taxes
- * increased ease of doing business.
- * boost export and manufacturing activity, generate more employment and thus increase GDP.

GST IS A CURE FOR ILLS OF EXISTING INDIRECT TAX (EXAMPLE 1+03)

- * The given statement is true.
- * Cascading effect of tax is one of the vital cause to cause ill of existing indirect tax.
- * It means a tax that is levied on a good at each stage of the production process up to the point of being sold to the final consumer.
- * It is also known as tax on tax.
- * One of the fundamental features of GST is the seamless flow of Input Credit across the chain (from the manufacturer of goods till it is consumed) and across the country.

ONE NATION - ONE TAX (INDIA AS WELL AS J&K)

- * GST extends to whole of India including the state of Jammu & Kashmir on 7th July, 2017.
- * The Jammu & Kashmir Goods and Services Tax Bill, 2017 was passed by the State Legislature, empowering the State to levy State GST on intra-state supplies with effect from 8th July, 2017.

DUAL GST MODEL

SGST :- * State GST
* Collected by the State government

CGST :- * Central GST
* Collected by the central government

IGST :- * Integrated GST
* Collected by the central government
on Inter-state supply of goods and services

GST - IN UNION TERRITORIES WITHOUT LEGISLATURE

* India is a union of states. The territory of India consists of the territories of the states and the union territories. Currently, there are 28 states and 8 union territories of which, two (Kerala and Puducherry) are having legislature.

* Law same as similar to state GST can be formulated for union territory without legislature, by the parliament

* the following are 5 union territories without legislature:-

1. Chandigarh
2. Lakshadweep
3. Dadra and Nagar Haveli and Daman & Diu
4. Andaman and Nicobar Islands
5. Jammu & Kashmir
6. Ladakh

GOODS AND SERVICES TAX NETWORK (GSTN)

- * Goods and Services Tax Network (GSTN) is (i.e. not for profit companies) non-government, private Limited Company
- * GST being a destination based tax, the inter-state trade of goods and service would need a robust settlement mechanism amongst the states and the centre
- * This is possible only when there is a strong IT Infrastructure and service back bone which enables capture, processing and exchange of information amongst the stakeholders (including tax payers, states and central governments, accounting office, banks & RBI)

As a result Goods and services tax networks (GSTN) have been set-up.

FUNCTIONS OF THE GST

- * Filing of registration application
- * Filing of Return
- * Creation of challan for tax payment
- * Settlement of GST payment (like a clearing house)
- * Generation of business intelligence and analytics etc.)

GST COUNCIL

As per Article 279A, the President of India constituted the GST Council on 15th September, 2016.

COMPOSITION OF GST COUNCIL

- * The GST Council shall consist of Union finance Minister as a chairperson, Union Minister of State in charge of Finance as a member.
- * The State Finance Minister or State Revenue Minister or any other Minister nominated by each state as a member of the council.
- * The GST Council shall select one of them as vice chairperson of council.

GUIDING PRINCIPLE OF THE GST COUNCIL

- * The mechanism of GST Council of GST Council would ensure harmonization on different aspects of GST between the centre and the states as well as among states.
- * It has been provided in the constitution that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized National Market for Goods & Services.

ROLE / FUNCTIONS OF GST COUNCIL

GST Council is to make recommendations to the Central Government and the State Governments on

→ Tax Rate → Deputi Resolution

→ Exemption → GST regulations including rules and notifications etc.

→ Threshold

INTER - STATE VS INTRA-STATE STOCK TRANSFERS

* Intra - State stock transfer is taxable only when entity has more than one registration in one state.

* for example, factory located in Tamil Nadu and warehouse located in the same state (i.e. Tamil Nadu).

However, registered separately under GST, transfers between them treated as supply.

* Hence, CGST plus SGST will be levied.

* Inter - State stock transfer is taxable as IGST.

IMPORT OF SERVICES UNDER GST

IMPORT OF SERVICES

* There are two kinds of services covered under GST

* First of all, it should be seen whether the import took place for consideration. If it took place for consideration, it will definitely attract GST.

* However, if the import of service took place without consideration, it will attract GST only if it fulfills conditions of Schedule I.

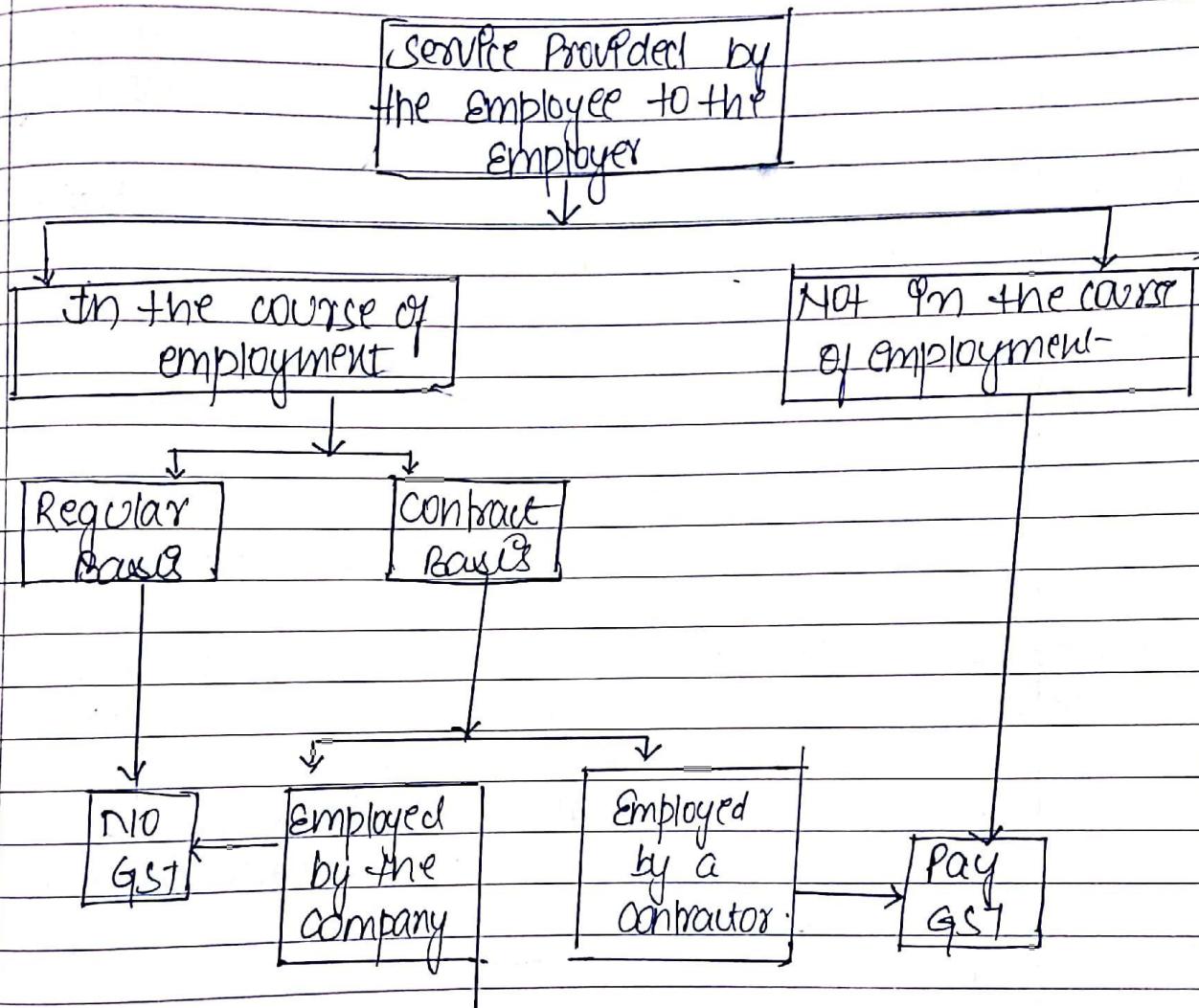
IMPORT OF SERVICE UNDER SCHEDULE I

Import of service by a person from a related person or from his establishments located outside India, in the course of furtherance of business shall be treated as "Supply".

One thing is clear, that free service must have been imported from related person and only for the purpose of business, only then it will attract GST even without consideration.

EMPLOYER EMPLOYEE RELATIONSHIP

INCLUSION AND EXCLUSION



FRINGE BENEFITS

- * The compensation to employees in the form of money is not a supply.
- * However, fringe benefits are supply of goods or services and are liable to tax if not exempted.
- * The fringe benefits are transactions in furtherance of business.

- * Even if supplied without consideration, the same are deemed "supply" and will attract GST.

WHETHER ALL THE DIRECTORS INCLUDING MANAGING DIRECTOR IS AN EMPLOYEE OF THE COMPANY

Director	Contractual Relation - owner of master and servant	GST is liable to pay	Who is liable to pay
Managing Director	NO	YES	Company (under RCM)
Whole-time Director	YES	NO	NP
Executive Director	YES {	NO	NP /
Non-Executive Directors	NO	YES	Company (under RCM)
Independent Directors Non-Executive Directors	NO	YES	Company (under RCM)

GIFTS NOT EXCEEDING ₹5000/- IN VALUE IN A FINANCIAL YEAR BY AN EMPLOYER TO AN EMPLOYEE

* Services by employee to employer in the course of or in relation to his employment shall not be treated as supply of services (Schedule 1B)

* However, gift not exceeding ₹5000/- in value in a financial year by an employer to employee shall not constitute supply of goods or services or both.

REGULAR AND COMPOSITION SCHEME UNDER GST

1. REGULAR SCHEME

Role of supplier	Role of Receiver
<ul style="list-style-type: none"> ➤ Supplier will collect GST from receiver ➤ Supplier will pay Tax collected to Government after adjusting Input tax. ➤ Standard rate of tax apply. 	<ul style="list-style-type: none"> ➤ Receiver will pay GST to supplier. ➤ Receiver will become entitled to avail Input tax

2. COMPOSITION SCHEME

Role of supplier	Role of Receiver
<ul style="list-style-type: none"> ➤ Supplier will not collect GST from receiver ➤ Supplier will pay GST to Government from own pocket. ➤ Concessional Rate apply. 	<ul style="list-style-type: none"> ➤ Receiver will not pay GST to Supplier ➤ Receiver cannot avail Input tax as he did not pay any tax.

3. COMPARISON OF BOTH SCHEMES

Regular Scheme	Composition Scheme
1. Input Tax credit available	1. Input Tax credit not available
2. Standard rates of GST apply	2. Concessional rates of GST apply.
3. Supplier collects GST from Receiver and then Pays to Government	3. Supplier does not collect GST from receiver and pays from own pocket.
4. Suitable for Large Scale operations	4. Suitable for small Scale operations
5. Large Number of GST Returns required.	5. Small Number of GST Returns required.
6. Intensive Requirement of Accounts and record maintenance.	6. Relaxed requirement of Accounts and record maintenance.
7. Invoice is issued	7. Bill of supply is issued

4. WHO IS ELIGIBLE FOR COMPOSITION SCHEME

Supplier of Goods Sec 10(1) & (2)	Supplier of Goods with small portion of service Sec 10(1) & (2)	Supplier of services or Goods & services together Sec 10(2A) Notification 2/2019
Pervious Year Turnover Max Rs. 1.5 crore Except for specified states. * Limit for specified state = Max Rs. 75 Lakh	Same as supplier of Goods. Portion of service should not exceed 10% of P.Y. turnover or Rs. 5 Lakh whichever is Higher.	Previous year Turnover Max Rs.50 Lakh
* Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttarakhand		

5. COMPUTATION OF TURNOVER (ALSO CALLED AGGREGATE TURNOVER)

Includes	Excludes
1. Domestic supply	1. GST value
2. Export Supply	2. GST cess value
3. Taxable supply	3. Inward supply of RCM nature
4. Exempt supply	4. Exempt supply of services provided by way of extending deposit loan or advances whose consideration may be interest or discount.
5. Supply to distinct person having same Pan	
6. Supply to Related Person	
7. Supply on own account	
8. Supply on behalf of Principal.	

Turnover is calculated on basis of PAN. Turnover of Whole F.Y. is taken.

6. COMPOSITION RATE OF TAX

Manufacturers – $0.5 + 0.5 = 1\%$

Restaurant & Outdoor caterer – $2.5 + 2.5 = 5\%$

Any other supplier of goods or **goods with some services** – $0.5 + 0.5 = 1\%$

Small service Providers with or without goods – $3 + 3 = 6\%$

Manufacturer **Does not include** manufacturer of Ice cream, Pan Masala, Tobacco and aerated water.

7. TURNOVER FOR THE PURPOSE OF ELIGIBILITY UNDER COMPOSITION SCHEME V/S TURNOVER FOR THE PURPOSE OF CALCULATION OF GST AT CONCESSIONAL RATES.

	Turnover for Eligibility	Turnover for GST Calculation
Manufacturer with or without small portion of services	Taxable + Exempt supply	Taxable + Exempt supply
Restaurant & outdoor caterer	Only taxable service	Taxable + Exempt supply
Traders etc with or without	Taxable + Exempt supply	Taxable supply only

small portion of services		
Small service Providers with or without Goods	Taxable + Exempt supply	Taxable + Exempt supply

8. VALUE OF SUPPLY FROM FIRST APRIL OF A F.Y. UPTO THE DATE WHEN LIABILITY FOR REGISTRATION ARISES

For Checking Eligibility	For Computing tax liability
Shall be included	Shall be excluded

9. WHO ARE NOT ELIGIBLE FOR COMPOSITION SCHEME ?

- Supplier of Non taxable Goods/ services
- Supplier engaged in Inter state supply.
- Person supplying through ECO covered under TCS
- Manufacturer of Ice cream, Pan Masala, Tobacco and aerated water.
- Casual Taxable Person
- Non Resident Taxable Person

10. CONDITIONS AND RESTRICTIONS FOR COMPOSITION LEVY

- Should not manufacture
 - a) Ice cream and edible Ice
 - b) Pan Masala
 - c) Tobacco and Manufactured Tobacco substituted
 - d) Aerated waters
- Should not be Casual Taxable Person and Non Resident taxable person.
- Should issue Bill of Supply instead of Tax Invoice.
- “Composition Taxable Person: Not eligible to collect tax on supply” should be at the top of Bill of supply
- “Composition Taxable Person” should be displayed on all Notice Board and sign board.
- Cannot take and cannot provide ITC
- Cannot collect tax on supply made by him.

11. INTIMATION / ADOPTION FOR COMPOSITION LEAVY

Fresh registration	Switching from Normal Scheme
From GST REG-01	Form CMP-02 Prior to Commencement of F.Y. AND GST ITC-03 within 60 Days from start of F.Y.

12. EFFECTIVE DATE FOR OPTING COMPOSITION SCHEME

Fresh Registration	Switches from Normal Scheme
If registration applied in 30 Days of liability = Date of Application	If registration applied after 30 Days of liability = Date of Grant of registration Commencement of Relevant Financial Year.

13. VALIDITY PERIOD/ WITHDRAWAL OF/ FROM COMPOSITION LEVY

Withdrawal upon Non-Fulfilment of Conditions	Voluntary self-Withdrawal	Withdrawal By Department
CMP-04 within 7 Days of Non-Fulfilment	CMP-04 as and when needed	<ul style="list-style-type: none"> ➤ SCN in CMP-05 ➤ Reply to SCN in CMP-06 within 15 Days ➤ Order in CMP-07 within 30 Days from reply. Or Last Date to reply

14. FILING OF RETURN UNDER COMPOSITION LEVY

CMP-08	GSTR-4
<ul style="list-style-type: none"> ➤ Quarterly Return ➤ 18th from the end of quarter 	<ul style="list-style-type: none"> ➤ Annual Return ➤ 30th April of Next F.Y

PRACTICAL PROBLEMS

REGULAR AND COMPOSITION SCHEME UNDER GST

Q. 1 Ram & Co. being a trader of cell phones registered under GST in the State of Tamil Nadu and furnished the following information relating to preceding financial year:

Particulars	(Value in lakhs)
Intra-State supply of taxable goods	120
Intra-State supply of exempted goods	10
Intra-State Supply of taxable services	5
Intra-State supply of exempted services	3
Interest earned on deposits/loans/advances	15.50

Whether Ram & Co. is eligible for composition scheme in the current financial year?

Answer:

Aggregate turnover of Ram & Co. of Ram & Co. in the preceding financial year:

Particulars	(Value in lakhs)	Remarks
Intra-State supply of taxable goods	120	Addable into the aggregate turnover
Intra-State supply of exempted goods	10	-do-
Intra-State Supply of taxable services	5	-do-
Intra-State supply of exempted services	3	
Interest earned on deposits/loans/advances	Nil	Not addable into the aggregate turnover
Aggregate turnover	138	Not exceeded Rs.150 lakh.

Value of services not exceeded 10% of turnover or Rs.5,00,000 whichever is higher:

Value of taxable output supply of service = Rs.5 lakh

Add: value of exempted output supply of service = Rs.3 lakh

Total value of services = Rs.8 lakh

Supply of service as % on turnover = (Rs. 8 lakh / Rs. 138 lakh) x 100 = 5.80%

Permissible limit:

10% of turnover = Rs. 13.80 lakh (i.e. Rs. 138 lakh x 10%)

w.e.f 1-8-2019, Interest earned on deposits/loans/advances shall not be taken into account for determining the value of turnover in a State or UT.

Or

Rs.5 lakh

Whichever is higher

Therefore, the value of service upto Rs. 13.80 lakh can be supplied by Ram & Co.

In the given case supply of services (excluding interest earned on deposits/loans/advances) did not exceed the permissible limit and hence, Ram & Co. is eligible for composition scheme in the current financial year.

Q. 2

Hotel King Pvt. Ltd. is a registered person under GST. P.Y. turnover was Rs. 100 lakhs. Applicable GST 18%. Inputs cost Rs. 7,80,000 (exclusive of GST 18%). Profit margin is 40% on cost. Find the invoice price and advice the best option to pay tax if any. There is no opening balance and closing balance for the tax period.

Answer:

Composition Levy	Particulars	Normal Provision		
		Value in Rs.	Particulars	Value in Rs.
Cost of inputs	7,80,000	Cost of inputs		7,80,000
Add: GST 18% on inputs	1,40,400	Add: GST 18% on inputs		Not Cost

Total Cost	9,20,400	Total Cost		7,80,000
Add: Profit margin 40%	3,68,160	Add: Profit margin 40%		3,12,000
Invoice Price	12,88,560	Add: GST 18% CGST & SGST		1,96,560
CGST 2.5%	32,214	Invoice Price		12,88,560
SGST 2.5%	32,214		CGST 9%	SGST 9%
Total GST Liability	64,428	Output Tax	98,280	98,280
		Less: ITC	-70,200	-70,200
		Net Liability	28,080	28,080

Total Tax is Rs. 56,160

Advise:

Normal scheme is economical.

Q. 3

X Ltd. supplier of following services: Turnover during the P.Y.:

- Restaurant services Rs. 90 lac
- Interest earned from loans Rs. 20 lac

Whether X Ltd. is eligible for composition scheme in the C.Y.

Answer:

Restaurant service and also supplies any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, the said person shall not be ineligible for the composition scheme under section 10 of CGST Act.

In order to determine his eligibility for composition scheme, value of supply of any exempt services shall not be taken into account while determining aggregate turnover.

Therefore, X Ltd. is eligible for composition scheme in the C.Y.

[Order No. 01/2017-CT, dated 13.10.2017]

Q. 4

Mr. C of Chennai is running a Kirana business. He furnished the following:

Supply of goods	P.Y turnover	Current Year turnover
Wheat & rice (exempted supply)	Rs. 80 lakhs	Rs. 88 lakhs
Packed products (taxable supply)	Rs. 8 lakhs	Rs. 2 lakhs
Rent from commercial property	Rs. 10 lakhs	Rs. 2 lakhs
Rent from residential dwelling	Rs. 2 lakhs	Rs. 6 lakhs

You are required to answer the following:

- Mr. C of Chennai is eligible for composition levy scheme in the current year?
- If so, find the GST under composition levy in the current year?

Answer:

(a) Turnover in the previous year does not exceed Rs. 1.50 crore (i.e. in the given case it is Rs. 100 lakhs).

However, Mr. C is not eligible for composition scheme since, supply of service in the P.Y. exceeds 10% of total turnover (i.e. Rs. 12 L/Rs. 100 x 100 = 12%).

(b) GST will not be levied as composition scheme.

Q. 5

X & Co. being a supplier of taxable and exempted services registered under GST law in the State of Maharashtra and furnished the following information pertaining to the preceding financial year:

Particulars	(Value in lakh)
Intra-State supply of taxable output services	22
Intra-State supply of exempted supplies	28
Interest earned on deposits/loans/advances	5

Turnover during 1st quarter of the current financial year of X & Co. is as follows:

Particulars	(Value in lakh)

Intra-State supply of taxable output services	2
Intra-State supply of exempted supplies	8
Interest earned on deposits/loans/advances	5

Find the following:

- X & Co. is eligible to opt composition scheme in the current financial year?
- If so, find the CGST & SGST liability of X & Co. for the 1st quarter of the current financial year?

Answer: w.e.f. 1-8-2019

- For the purpose of computing aggregate turnover of a person for determining his eligibility to pay tax under section 10(2A) of CGST Act, 2017, shall not include the value of exempted supply of services provided by way of extending deposits, loans, or advances in so far as the consideration is represented by way of interest or discount.
- For the purpose of determining the tax payable by a person under Section 10(2A) of the CGST Act, 2017 on "turnover" shall not include the value of exempt supply of services provided by way of extending deposits, loans, or advances in so far as the consideration is represented by way of interest or discount.

In the given case turnover in the preceding financial year is as follows:

Particulars	Value (Rs. in lakh)
Intra-State supply of taxable output services	22
Intra-State supply of exempted supplies	28
Aggregate turnover	50

- Since, aggregate turnover in the preceding financial year did not exceed Rs.50 lakh, X & Co. may opt to pay tax under composition scheme in the current financial year.
- GST liability of X & Co., during the 1st quarter of the current financial year:

Particulars	Value (Rs. in lakh)
Intra-State supply of taxable output services	2
Intra-State supply of exempted supplies	8
Aggregate turnover	10
CGST 3% on Rs.10 lakh	0.30
SGST 3% on Rs.10 lakh	0.30

Q. 6

Mr. Ram is running a consulting firm and also a readymade garment show room, registered in same PAN. Turnover of the showroom is Rs.60 lakh and Receipt of the consultancy firm is Rs.12 Lakh in the preceding financial year.

You are required to answer the following:

- Mr. Ram is eligible for Composition Scheme?
- Whether it is possible for Mr. Ram to opt for composition only for Showroom?
- Rework, if Mr. Ram is running a restaurant as well as readymade garment show room, whether he is eligible for composition?
- If the turnover of garment showroom is 75 Lakh in the preceding financial year and there is no consulting firm whether he is eligible for Composition?

Answer:

- Mr. Ram is providing services in consulting firm where value of service exceeds 10% of turnover. Hence, he is not eligible for composition scheme.
- If one unit of a business is ineligible to opt for composition then all other business units registered under the same PAN shall automatically ineligible for the composition scheme. So Mr. Ram is not eligible for composition scheme only for showroom.
- Restaurant services and readymade garments show room are eligible for the composition scheme. Hence Mr. Ram is eligible for Composition Scheme. Since, his aggregate turnover is Rs.72 lakhs (i.e. less than Rs.1.5 crore).
- Yes, Mr. Ram is eligible for composition scheme as turnover of his firm does not exceed Rs.1.50 crore in the preceding F.Y.

Q. 7

Mr. Rahim is dealer who is selling taxable goods, exempted goods and non-taxable goods (i.e. Liquor). His turnover in the preceding financial year is Rs.35 lakh, Rs.10 lakh, Rs.15 lakh goods which are levable to GST, exempted and non-taxable respectively. Whether MR. Rahim is eligible for Composition Scheme?

Answer:

Under the revised system, tax of 1% will be charged only on taxable turnover and not on exempt turnover. However, to decide the turnover limit for eligibility under composition scheme, total turnover will be considered.

Turnover in the preceding financial year is Rs.60 lakhs.

In this case aggregate turnover does not exceed Rs. One crore. Hence, Mr. Rahim is not eligible for composition Scheme since, he is dealing with non-taxable goods (i.e. liquor).

Q. 8

Mr. H registered in Hyderabad, who is selling goods from Telangana to Tamil Nadu. Turnover of Mr. H is Rs.73 Lakh in the preceding financial year. Whether Mr. H is eligible for Composition?

Whether your answer will change if Mr. H is making purchase from Tamil Nadu and selling goods in Telangana?

Answer:

Mr. H is not eligible for composition as he is making interstate outward supply.

If Mr. H is making purchase from Tamil Nadu, then he is eligible for composition as there is restriction on outward interstate supply not on inward interstate supply.

Q. 9

Turnover of Mr. X in the preceding financial year is Rs.49 Lakh. Mr. A has opted for Composition Scheme. During the year on 18th February 2020, turnover of Mr. X exceeds Rs.1.5 crore. What compliances are required to carry by Mr. X.

Answer:

Mr. X is required to do the following compliances:

File a FORM GST CMP-04 within 7 days i.e. before 25th February 2020.

Details of stock and capital goods, as on the 18th February 2020, are required to file in FORM GST ITC-01 within 30 days i.e. before 20th March 2020 to take the credit of input on the same.

Q. 10

M/s X Pvt. Ltd. is a manufacturer having two units namely Unit - A in Andhra Pradesh and another Unit - B in Tamil Nadu.

Total turnover of two units in last Financial Year was Rs.95 lakh (Rs.10 lakh of Unit - A + Rs.85 lakh of Unit - B).

Total turnover of two units in the second quarter of this financial year was Rs.15 lakh (Rs.5 lakh of Unit - A + Rs.10 lakh of Unit - B).

Applicable rate of CGST 9% and SGST 9%.

Find the Net liability of X Pvt. Ltd.

Note: M/s X Pvt. Ltd., is not availing input tax credit.

Answer:

Since, the company is not availing the benefit of input tax credit the said company can pay GST under composition levy under section 10(1) of the CGST Act, 2017.

Applicable rate of CGST 0.5% and SGST 0.5%.

Unit	Location	Turnover in the previous F.Y.	Turnover in 2nd Quarter of the F.Y.	Total tax	
				0.5% CGST	0.5% SGST
A	AP	10 lakhs	5 lakhs	2,500	2,500
B	TN	85 lakhs	10 lakhs	5,000	5,000

Note: w.e.f 1st January 2018, manufacturer is liable to pay CGST @0.5% and SGST @0.5%.

Q. 11

Bansal and Chandiok is a partnership firm of Chartered Accountants in Jaipur (Rajasthan). The firm specialises in bank audits providing services to banks across India. It has an annual turnover of Rs.110 lakh in the preceding financial year.

With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme. Will your answer change, if—

- (a) The turnover of the firm is Rs.90 lakhs Rs.
- (b) Bansal and Chandiok is not a partnership firm of Chartered Accountants but a partnership firm providing support services to restaurants like booking tables, advertisement etc.?

Answer:

(a) A firm of Chartered Accountants, being a supplier of professional services (other than restaurant services) is not eligible to apply for composition scheme. Moreover, the turnover also exceeds Rs.50 lakhs. Therefore, it has to discharge its tax liability under regular provisions at the applicable rates.

(b) The answer will not change even if the firm is providing support services to restaurants as only the supplier providing restaurant services per se are eligible for composition scheme under section 10(1) of CGST Act, 2017.

Q. 12

Mr. Riju, registered in Himachal Pradesh is engaged in making inter-State outward supplies of apparels. The aggregate turnover of Mr. Riju in the financial year 2017-18 is Rs.70 lakh. He opted for composition levy in the year 2018-19 and paid tax for the quarter ending June 2018 under composition levy. The proper officer has levied penalty on Mr. Riju in addition to the tax payable by him.

You are required to examine the validity of the action taken by proper officer.

Answer:

As per section 10(5) of the CGST Act, 2017 if a person who has paid tax under composition scheme is found as not being eligible for composition then such person shall be liable to penalty to an amount equivalent to the tax payable by him under the provisions of the Act. i.e. as a normal taxable person and that this penalty shall be in addition to the tax payable by him. Thus, levy of penalty on Mr. Riju is valid in law. Therefore, the action taken by proper officer is valid in law.

Q. 13

Mr. CMA Ram is a practicing Cost Accountant in Patna (Bihar). He commenced profession on 1st April 20XX and his annual turnover (intra-State) of Rs.70 lakh in the financial year. Find the tax liability under composition scheme (vide Notification No. 2/2019-Central Tax (Rate) dated 07th March, 2019) if any?

Answer:

Aggregate turnover:	Rs. Lakh
Total Aggregate turnover	70
Less: turnover from 1st April to the date liable for registration	(20)
Taxable turnover under composition scheme	(30)
Taxable Turnover under normal scheme	20
GST liability under composition scheme:	Rs. Lakh
Taxable turnover under composition scheme	30.0
CGST @3% on Rs.30 lakh	0.90
SGST @3% on Rs.30 lakh	0.90
GST liability under normal scheme:	Rs. Lakh
Taxable turnover under normal scheme	30.0
CGST @9% on Rs.20 lakh	1.80
SGST @9% on Rs.20 lakh	1.80

Note:

(1) For the purposes of this Notification No. 2/2019-Central Tax (Rate) dated 07th March, 2019, the expression "first supplies of goods or services or both" shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the supplies from the first day of April

of a financial year to the date from which he becomes liable for registration under the said Act but for the purpose of determination of tax payable under this notification shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act.

(2) In the next financial year, Mr. CMA Ram is not eligible for composition scheme vide Notification No. 2/2019-Central Tax (Rate), dated 07th March, 2019.

Q. 14

M/s C Ltd. of Chennai being a trader provided the following information relating to the preceding financial year is as follows:

Particulars	(Value in lakh)
Intra-State supply taxable goods	20
Intra-State supply of exempted goods	30
Intra-State supply of taxable services	5
Intra-State outward supply of services on which recipient is liable to pay GST	4
Export of goods	35
Inter-State inward supply of goods	200
CGST & SGST paid	2
M/s C Ltd. is eligible for composition scheme in the current financial year?	

Answer:

Statement showing aggregate turnover of M/s C Ltd. in the preceding financial year

Particulars	(Value in lakh)	remarks
Intra-State supply taxable goods	20	Addable into aggregate turnover as per section 2(6) of the CGST Act, 2017
Intra-State supply of exempted goods	30	-do-
Intra-State supply of taxable services	5	-do-
Intra-State outward supply of services on which recipient is liable to pay GST	4	-do-
Export of goods	35	Treated as inter-State Supply of goods and hence addable in to the aggregate turnover.
Inter-State inward supply of goods	Nil	Not addable. Since, it is not the turnover of M/s C Ltd.
CGST & SGST	Nil	Not addable
Aggregate Turnover	94	

Working note (1):

Service portion on aggregate turnover = Rs. 9.40 lakhs (i.e. 10% on Rs.94 lakh) or Rs.5 lakhs

Whichever is higher

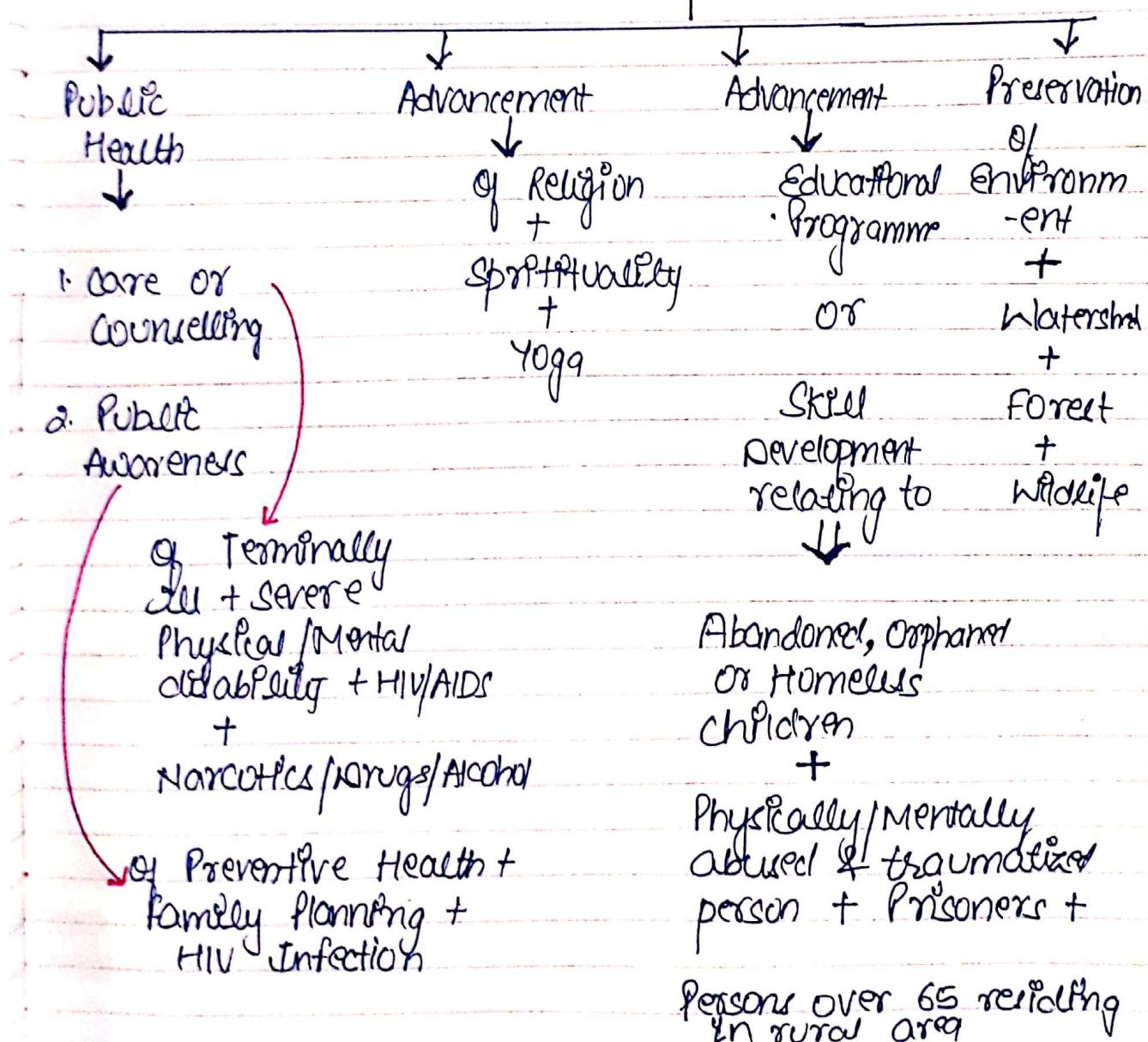
In the given case total services supplied is Rs.9 lakh only (which is well within the limits)

M/s C Ltd. being trader dealing in intra-State as well as Inter-State (i.e. export of goods) supplies and hence, not eligible for composition levy in the current year, even though aggregate turnover in the preceding financial year does not exceed Rs.1.50 crore.

EXEMPTED SERVICES

1) SERVICES RELATED TO CHARITABLE AND RELIGIOUS ACTIVITIES

Entry 1 → Services by an entity registered under Section 12AA of Income Tax Act, 1961 by way of Charitable Activities



Entry 13 → Services by way of

↓
Conduct of
religious
ceremony

★ Renting of
premises of
religious place
meant for
general public

↓
Place owned or managed by

↓
Charitable
or
religious
trust u/s 12AA
of Income Tax

↓
Other recognized
Trust or Body
or Authority
under section
10 of Income
Tax.

★ Rent should be less than following limits :-

a) Room Rent → ₹ 1000 per day

b) Premises, Community Hall, Kalyan Mandapam,
Open Area → ₹ 10,000 per day

c) Shops or other commercial space → ₹ 10000
per month.

Entry 60 → Services by specified organization for religious pilgrimage facilitated by Government of India.

Entry 80 → Services by training/coaching in recreational activities by entity U/s 12AA of IT

Only when related to

Art
or
Sports

Culture

2) AGRICULTURE RELATED SERVICES

Entry 24

→ Loading / unloading
Packing / storage
Warehousing } of RICE

Entry 25A

→ Warehousing of MINOR FOREST PRODUCE

Entry 53A

→ Fumigation of Agricultural Produce
but only in a warehouse.

Entry 54

1. Cultivation of Plants

2. Rearing of all life forms of animals except horses for

↓ ↓ ↓ ↓ ↓
Food Fibre Fuel Raw Other
Materials Products

Includes

↓ Cultivation Harvesting	↓ Supply of farm labour	↓ Renting of Agro Machinery, vacant land with or without structure	↓ Services by Market -firing Committee or Board or Commission -Pan Agents	↓ Fermg -ation In Agricult -ural wareho -use
Plant Protection Testing	↓ Essential Agricultural Processes	↓ Agricultural Extension Services		

Entry 55

Intermediate Processor as Job works related to Entry 54.

Entry 55A

Artificial insemination of Livestock other than Horses

IMPORTANT CLARIFICATION

EXEMPT

TAXABLE

- | | |
|-----------------------------------|--|
| 1) Breeding of Fish | 1) Processed Agricultural Product like Tea, Coffee, Pulses |
| 2) Rearing of Silk Worm | 2) Processed Spices |
| 3) Ornamental flowers cultivation | 3) Processed Dry fruits |
| 4) Horticulture | 4) Other Processed which alter essential characteristics. |
| 5) Forestry | |
| 6) Poultry Farm | |
| 7) Plantation of Rubber | |
| 8) Tea/ coffee plantation | |

3) EDUCATIONAL SERVICES

Entry 66

Services Provided

TO

Educational
Institutes

UPTO
Higher
Secondary

1. Transport of
students/ faculty/
staff.

2. Catering

3. Security/
Housekeeping

4. Admission/
Entrance

Services PROVIDED

BY

Educational
Institute

1. Services to
students, staff
and faculty.

2. Conduct of
Entrance
Examination.

Beyond
Higher
Secondary

1. Admission/
Entrance

2. Online
Educational
Journal
or
Periodical

or
Periodical

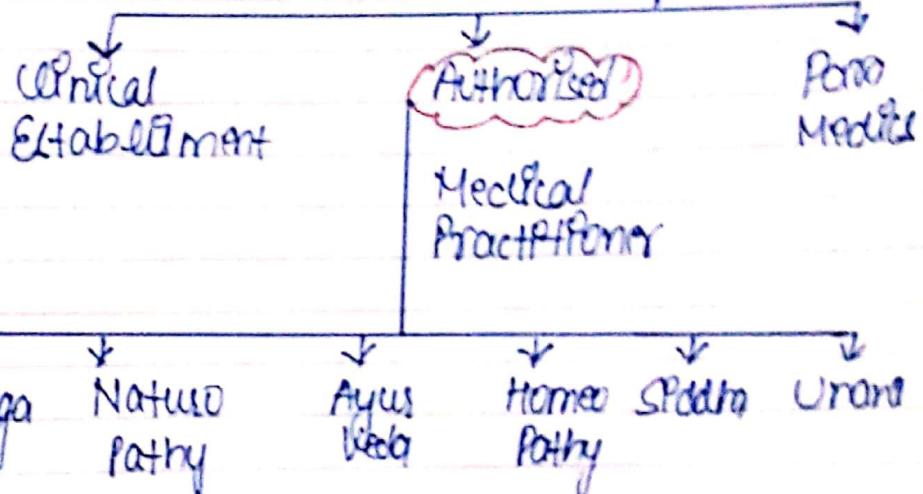
4) HEALTH CARE SERVICES

Entry 46 → Veterinary Clinic for Animals/ Birds

Entry 73 → Cord Blood Bank for stem cells/ Blood

Entry 74 → 1. Patient transport in Ambulance

2. Health Care services BY



IMPORTANT NOTE

Taxable Services

1. Hair transplant
2. Cosmetic surgery
3. Plastic surgery
4. Healing
5. Acupressure
6. Acupuncture
7. Reflex
8. Colour therapy

5) SERVICES PROVIDED BY GOVERNMENT

(Entry 4) → Municipality Functions

(Entry 5) → Panchayat Function

(Entry 6) → All services except



Department
of Post
Services of
Speed Post,

Parcel
Post, Life Insurance, Agency
Services.

Aircraft
or
vessel

Transport
of
Goods
or
Passengers

Any
other
services
provided
to
Business
Entities

(Entry 7) → Services provided to a Business Entity
not liable to take GST registration
- on except

→ Department of Post as above

→ Aircraft/vessel as above

→ transport as above

→ Renting of Immovable Property

Entry 8 → Provided by Government to government

Entry 9 → Services where consideration does not exceed ₹ 5000.
Except services specified in Entry 6.

Entry 9c → Services provided by **Government entity** to government

↓
Set-up by
a

Separation Act

↓
90% ownership
with government

Entry 9D → Old age home run by government where consideration upto ₹ 25000 per month per member

Entry 34A → Loan Guarantee by for PSUs

Entry 47 → Registration charges under any law.

→ Certification for Labor Protection, safety of workers, consumer, public fire license.

Entry 61 → Fee for
→ Passport

→ VISA

→ Driving License

→ Birth/ Death Certificate

Entry 62 → Non Performance of contract leading to collection of damages or compensation
→ Non Performance :- Exempt
Delayed Performance :- Taxable.

Entry 63 → Ass of right to use natural resources to all individual farmer for cultivation of Plants and Rearing of animals except Horse.

Entry 65 → Merchant overtime charges.

Entry 65B → Services supplied by State Government to excess royalty collection contractor by assigning right to collect Royalty on behalf of SG on minerals supplied.

Entry 67A → Licensing / Registration / Analysis / Testing of food samples by FSSAI to FBO.

6) CONSTRUCTION SERVICES

Entry 103 → Pure Labour Contracts - for individual House under housing for All (Urban) mission. or Pradhan Mantri Awas Yojna.

Entry 10A → Electricity distribution Network upto subewell of farmer or agriculturale -t.

Entry 11 → Pure Labour Contract of original works for single residential unit

Entry 41A3 → Transfer of Development Rights or floor Space Index on go after 01.04.2019 - for construction of Residential apartments.

Entry 41B3 → Upfront amount payable for long term lease of 30 years or more or after 01.04.2019 - for residential Apartments.

7) PASSENGER TRANSPORTATION SERVICES

Entry 15

1. Stage carriage other than Air conditioned stage carriage
2. Non Air conditioned contract carriage other than Radio taxi
3. Air travel starting / ending at following places :-
A) Arunachal Pradesh E) MP/Orissa
B) Assam F) Nagaland
C) Manipur G) Sikkim
D) Meghalaya H) Tripura.
I) Bagdogra (W.B)

Entry 16

→ Services provided to CG under Regional Connectivity Scheme for 3 years from start of operations

Entry 17

1. Railways other than first AC or AC
2. Metro Monorail or Tramway
3. Inland waterways
4. Public transport
5. Metered Cab/ Auto/ E-Rickshaw.

3) GOODS TRANSPORTATION SERVICES

Entry 18

→ All Goods Transportation by Roadways and inland waterways except

→ GIA

→ Counter

Entry 19

→ Transport by Rail or vessel within India only following goods

- 1) Relief Material
- 2) Defence or Military equipment
- 3) Newspaper or Magazines Regd.
- 4) Railway equipment/ Material
- 5) Agricultural Produce
- 6) Milk, salt and food grain
- 7) Organic Manure

Entry 20

→ Transport by GIA of following:-

- 1) Agricultural Produce
- 2) Carriage payment of single carriage max. ₹ 1500
- 3) Goods freight max. ₹ 750
- 4) Milk, salt and food grain

- 5) Organic Manure
- 6) Regd Newspaper or Magazines
- 7) Relief Material
- 8) Defence or Military Equipment.

Entry 21A → GTA services to unregistered person

Entry 21B → GTA services to :-

- 1) Govt. Department
- 2) Local Authority
- 3) TDS Deductors

9) BANKING AND FINANCIAL SERVICES

Entry 26 → Services by RBI

+

Services received by RBI from outside India for ~~forex~~ management

External Asset Management

Custodial Services

Securitizing Lending

Entry 27 → Extending Deposit, Loan, advances against interest/ discount.

→ Sale/ Purchase of forex among Banks or AD or both.

Entry 27A → Services provided by Banking comp - any BSBs A/C under PMIQY.

Entry 34 → Settlement services by acquiring Bank upto ₹ 2000 in a single transaction

Entry 39A → Services by Intermediary of financial services located in SEZ

10) LIFE INSURANCE BUSINESS SERVICES

Entry 28 → NPS under PFRDA

Entry 29 → Group Insurance Schemes of Army, Navy and Air force.

Entry 29A → Naval Group Insurance fund for Coast Guard personnel.

Entry 29B → Group Insurance for Central Armed forces

Entry 36 → following Life Insurance schemes

1) Janshree Bima Yojna

2) Aam Aadmi Bima Yojna

3) Life Micro Insurance Product upto max. cover of ₹ 2Lakh

4) Nrusiha Pension Bima Yojna

5) Pradhan Mantri Jeevan Jyoti Bima Yojna

6) Pradhan Mantri Jan�an Yojna

7) Pradhan Mantri Vay Vandhan Yojna

ii) SERVICES PROVIDED BY SPECIFIED BODIES

Entry 30 → Services by ESIC

Entry 31 → Services by EPFO

Entry 31A → Services by coal mines PFO

Entry 31B → Services by NPS

Entry 32 → Services by IRDAI

Entry 33 → Services by SEBI.

12) GENERAL INSURANCE BUSINESS SERVICES.

(entry 36)

- 1) Hut Insurance
- 2) Cattle Insurance
- 3) Trishul
- 4) Janata Personal Accident Policy
- 5) Accident Policy
- 6) Group Personal Accident Policy for self employed women.
- 7) Agricultural Well Insurance and failed
- 8) Export credit insurance.
- 9) Weather Based Crop Insurance
- 10) Jan Angya Bima
- 11) Rashtriya Koshal Bima
- 12) Seed Crop Insurance
- 13) Universal Health Insurance
- 14) Rashtriya Swasthya Bima
- 15) Coconut Palm Insurance
- 16) Pradhan Mantri Suraksha Bima
- 17) Nirman Health Insurance
- 18) Bangla Sharqi Bima.

13) PENSION SCHEME

(Entry 37) → Atal Pension Yojna

(Entry 38) → All Pension Scheme of State Government.

14) BUSINESS FACILITATOR/ CORRESPONDENT

(Entry 39) → Service by Business facilitator/ correspondent to Banks for rural area

→ Service by Intermediary to Business Correspondent/ facilitator for rural area.

→ Service by BF/ corr. to Insurance company for Rural Area.

15) SERVICES PROVIDED TO GOVERNMENT

Entry 3 → Pure services in relation to Panchayat functions and Municipality functions.

Entry 3A → composite supply of goods and services in relation to Panchayat and municipality functions. But goods should not be more 25% of total supply.

Entry 11A → Services by fair price shops to government.

Entry 10 → Services of Insurance where premium is paid by government.

Entry 51 → Services by GSTN to government

16) LEASING SERVICES

Entry 42

→ One time upfront charges for long term lease of 30 years or more for lease of Industrial Plots provided by SG Industrial Development Corporation Undertaking.

NOTE

Government should have 50% or more ownership in another entity to avail exemption

Entry 43

→ Lease of asset by Indian Railways Finance Corporation to Indian Railways

(7) LEGAL SERVICES

Entry 45

1. Services by Arbitral Tribunal

+D

Any person other
than Business
Entity

Government

Business
entity not
liable to take
GST Registra-
tion

2. Services by firm of Advocates or Individual
Advocates other than senior advocate

+D

Advocate
or
firm of
advocate

Any person
other than
Business Entity

Business
Entity

not liable
for GST
Registration

Government

3. Services by senior advocate

+D

Any person
other than
Business Entity

Business
Entity
not liable
for GST
registration

Government

(8) SPONSORSHIP OF SPORTS EVENT

Entry 53

Sponsorship services of sport event
organized by

1. National Sports Federation
2. Association of Indian Universities
3. Inter University Sports Board.
4. School Games Federation of India
5. All India Sports Council for the Deaf.
6. Paralympic Committee of India
7. Special Olympic Bharat
8. Central Civil Services Cultural and Sports Board.
9. Indian Olympic Association
10. Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.

(9) SKILL DEVELOPMENT SERVICES

Entry 69 → Services provided by

- 1) NSDC
- 2) Sector Skill Council
- 3) Assessment Agency
- 4) Training Partner

In relation to

- 1) NSD Programme
- 2) Vocational Skill Development Programme
- 3) Other Schemes of NSDC

Entry 70 → Services by assessment bodies empanelled by CG.

Entry 71 → Training providers under Deen Dayal Gramin Kaushal Yojna.

20) PERFORMANCE BY ALL ARTIST

Entry 78

Service by artist of folk or art forms



Music

Dance

Theatre

Subject to consideration < £ 1,50,000

Note :-

Brand Ambassador Taxable.

21) RIGHT TO ADMISSION TO VARIOUS EVENTS

Entry 79

Admission to Museum, National Park, Wildlife Sanctuary, Tiger Reserve, Zoo.

Entry 79A

Admission to protected monument.

Entry 80

Admission against consideration of max. £ 500 in following cases:-

1. Circus

2. Dance

3. Theatrical Performance

4. Ballet

5. Award function/concert/Pageant

6. Musical Performance

7. Sport event

8. Planetarium

22) SERVICES BY AN UNINCORPORATED BODY

OR A NON PROFIT ENTITY

Entry 77

1. Trade union

2. For carrying out services exempt from GST

3. upto all amount of ₹7500 per month per member for goods/services for common use of members.

Entry 77A

1. Entity engaged in welfare of industrial or agricultural labour or farmers.

2. Promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and environment protection.

membership fee should be ₹ 1000 per year

23) OTHER EXEMPT SERVICES

Entry 23 → Transfer of Business as Going concern.

Entry 9A → Services provided by and to FIFA (Men) - 2017

Entry 9AB → Services provided by and to FIFA (Women) - 2020

Entry 9B → Transit cargo to Nepal and Bhutan (landlocked countries)

Entry 12 → Renting of Residential Dwelling use as residence.

Entry 14 → Hotel, Inn, Guest House, club, com for residential purpose below 1000 per day or equivalent

Entry 19 → Transport of Goods by aircraft from a place outside India upto custom station of clearance in India

Entry 22 → 1. Giving on hire a motor vehicle to carry more than 12 Pax to Government.

2. Giving on hire a motor vehicle to carry more than 12 Pax to GTA

3. Giving on hire a motor vehicle to carry more than 12 Pax to Educational Institute upto higher secondary.

Entry 23 → Toll charges

Entry 23A → Annuity toll

Entry 24B → Storage or warehousing of cereals, pulses, fruits, nuts, veg, spices, copra, sugarcane, jaggery, Raw veg fibres, Jutt, Indigo, Unmanufactured tobacco, Betel leaves, Tendu leaves, coffee and tea.

Entry 25 → transmission or distribution of electricity by an electricity transmission or distribution utility.

Entry 42 → Telecom license fee

Entry 44 → Services provided by Incubatee upto turnover of 50 Lakh in a F.Y

Must not be more than 3 years old.

Entry 48 → Services by Technology Business Incubator or Science and Technology Enter Entrepreneurship Park.

Entry 49 → Collecting or providing news by independent journalist, PTI or UPI

Entry 50 → Public libraries

Entry 52 → Organising Business exhibition outside India.

Entry 56 → Slaughtering of animals.

Entry 57 → Pre conditioning / Pre cooling / washing / Retail packing / Labelling of fruits and veg

Entry 58 → Services by National centre for cold chain development.

Entry 59 → Service by foreign diplomatic mission located in India.

Entry 64 → One-time charge payable on assignment of natural resource.

Entry 65A → Services by way of providing information under RTI.

Entry 68 → Services provided to a recognised sports body by

Individual as
player, Referee,
Umpire, coach,
Tech Manager

Another
recognised
sports body

- Indian Olympic Association
- Sports Authority of India
- National Sports Federation
- National sports promotion org.
- International Olympic Association
- Body regulating sports.

Entry 72

Services provided to government under a training programme funded by government

Entry 74A

Services provided by Rehabilitation professionals

Entry 75

Services provided by operators of common Bio medical waste treatment facility to a clinical establishment

Entry 76

Public conveniences

Entry 82

Admission to FIFA 2017

Entry 82A

Admission to FIFA 2020

PRACTICAL PROBLEMS

REVERSE CHARGE

Q. 1

Mr. Velmuragan of Panruti (Tamil Nadu), a farmer, sold raw cashew nuts produced in his farm land to M/s. Rajesh International of Chennai, a company registered under GST. Applicable rate of GST is 5%. Value of Goods is Rs. 1,00,000. M/s. Rajesh International has input credit of IGST ? 4,000. You are required to answer the following:

- (a) Who is liable to pay GST?
- (b) Net Liability of GST?

Answer:

(a) As per Notification No.4/2017-Integrated Tax (Rate) dated 28.06.2017, in the case of supply of cashew nuts, not shelled or peeled, by an agriculturist to a registered person, the registered person who purchases the goods is liable to pay the tax under reverse charge mechanism. Hence, in the given case, M/s. Rajesh International is liable to pay GST.

(b) The GST liability in the given case is Rs. 5,000/- i.e., 5% on Rs. 1,00,000/-. Since, both the supplier and recipient are situated in Tamilnadu, the taxes to be paid are CGST Rs. 2,500/- and SGST Rs. 2,500/-. However, M/s. Rajesh International has input credit of IGST Rs. 4,000/-, which shall be adjusted first with the CGST liability and the balance remaining after adjustment shall be adjusted with SGST liability. Hence, the net tax liability of M/s. Rajesh International is SGST Rs. 1,000/-.

Q. 2

Uber operating radio taxi service in India. In the month of Nov 2019, the following services are rendered by it.

- (i) Free services provided to new customers who travelled for the first time. However, payment made to taxi drivers Rs.10,00,000.
- (ii) Hire charges collected from customers is Rs.12,25,500. Payment made to taxi drivers Rs.11,00,000.

Uber appointed X Pvt. Ltd as their representative in India.

You are required to find:

- (1) Who is liable to pay GST?
- (2) Taxable value of supply.
- (3) Net GST liability.

Answer:

(1) X Pvt. Ltd being recipient of service is liable to pay GST.

(2) & (3) Taxable value of supply:

Particulars	Value in Rs.	Remarks
Free services provided to new customers. However, payment made to taxi drivers	10,00,000	Reverse charge applicable
Hire charges	12,25,500	Gross value is subject to GST
Gross value of bills	22,25,500	
CGST 2.5%	52,988	(22,25,500 x 2.5/105)
SGST 2.5%	52,988	(22,25,500 x 2.5/105)
Taxable value of supply	21,19,524	

Q. 3

A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B. Ltd. Of Mumbai with terms and conditions that the entire work should be completed within 30 days. However, there is a delay of 10 days to complete the work. BMC charged liquidated damages of Rs.1, 20,000 and the same recovered from M/s B. Ltd.

Applicable rate of GST 18% Find the following:

- (1) Who is liable to pay GST and on what amount?
- (2) Total GST liability if any.

Note: previous year turnover of M/s B Ltd. Was Rs.88 lakh.

Answer:

(1) It is supply of service.

M/s B Ltd being recipient of service is liable to pay GST on Rs.1, 20,000 (Reverse Charge applicable). Since, the contractor has performed the contract, but there is a delay of 10 days.

(2) GST liability = Rs. 21,600

Note:

- (i) It appears the liquidated damages recovered by local authority for delay in performance in contract will not be covered under exemption list of GST. The contract has been performed in such cases, GST will be payable on the same.
- (ii) Services provided by Government or a local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the government or the local authority under such contract is exempted from GST.

Q. 4

Reon operating radio taxi services in India. In the month of Nov 2017, the following services are rendered by it:

- (a) Free services provided to new customers who travelled for the first time. However, payment made to taxi drivers Rs. 10,00,000.
- (b) Hire charges collected from customers Rs. 12,25,500. Payment made to taxi drivers Rs. 11,00,000.

Reon appointed X Pvt. Ltd., as their representative in India. Person liable to pay GST is willing to avail exemption if any.

You are required to find:

- a) Who is liable to pay GST.
- b) Taxable value of supply.
- c) Net GST liability.

Answer:

(a) X Pvt. Ltd., being recipient of service is liable to pay GST.

(b) & (c) Taxable value of supply:

Particulars	Value in Rs.	Remarks
Free services provided to new customers. However, payment made to taxi drivers	10,00,000	Reverse charge applicable
Hire charges	12,25,500	Gross value is subject to GST.
Gross value of Bills	22,25,500	
CGST 2.5%	52,988	(22,25,500 x 2.5/105)
SGST 2.5%	52,988	(22,25,500 x 2.5/105)
Taxable value of supply	21,19,524	

Q. 5

Mr. TYN (unregistered person) has written a book on Indirect Taxes which is published by M/s Dev Law Publications of New Delhi.

You are required to find the following:

- (a) Who is liable to pay GSTRs.
- (b) Rework, if publisher is located in New York, then who is liable to pay GSTRs.

Answer:

- (a) M/s Dev Law Publications of New Delhi being recipient of service is liable to pay GST under RCM.
- (b) If M/s Dev Law Publications located in New York then it is treated as export of service provided payment received in convertible foreign currency.

Otherwise, tax will be payable by the author.

Q. 6

M/s Shakshi Associates a recovery agent (located in Chennai) empanelled by State Bank of India, Local Head Office, Nungambakkam, Chennai. The following service supplied M/s Shakshi Associates in the month of Nov 20XX are as follows:

- (1) Fee of Z 2,25,825 for supply of services in relation to recovery of dues from the defaulting Borrowers at the place of business/occupation and if such Borrowers is/are unavailable at the place of business then at his/ her residence.
- (2) Supply of services with regard to demand for recovery or taking possession of the security from defaulting Borrowers, for which separate fee charge from the bank Rs. 55,175/-

Find the following:

- (a) Is it supply of service.
- (b) If so, who is liable to pay GST.
- (c) Find the GST liability

Note: Assume applicable rate of GST for recovery agent services @18%.

Answer:

- (a) Yes. It is taxable supply of service
- (b) State Bank of India being recipient of service is liable to pay GST under RCM.
- (c) GST liability = Rs. 50,580 [i.e Rs. 2,25,825 + 55,175) x 18%]

Q. 7

GT Jewellers Ltd. paid Rs. 50 lakhs for sponsorship of Miss India beauty pageant in Mumbai to a Stylish & Co., a partnership firm. It is taxable supply, if so who is liable to pay GST.

Answer:

Yes. It is taxable supply of service. GST is liable to pay recipient of supply of service namely GT Jewellers Ltd. under RCM.

Q. 8

With reference to the provisions of GST law (w.e.f. 1-7-2017), briefly explain as to who is the person responsible to pay GST in the following:

- i) Legal services are provided by Senior Advocates to business entities.
- ii) Representation services are provided by Senior Advocates to any business entity.
- iii) Were Contracts for representation service provided by the Senior Advocates to any business entity has been entered into through another advocate or firm of advocates.

Answer:

Service provider	Service recipient	Nature of service	Taxability	Person responsible to pay GST
(i) & (ii) Senior Advocate	Business Entity (whose turnover exceeds Z 20 Lakh in P.Y.)	Representation services	Taxable supply of service	Recipient of service, which is the business entity, whois litigant, applicant or petitioner.

(iii) Recipient of service that is the business entity, who is the litigant, applicant or petitioner, is liable to pay GST. Note: Previous year turnover more than Z 20 lacs (in case of special category States is Z 10 lakh).

Q. 9

Senior Advocate supplied services of Rs. 1,50,000/- to business entity for Legal services. Business entity has ITC of Z 7,000. Senior Advocate has registered office in Chennai. Business entity is located in Madurai.

Find the following:

- a) Who is liable to pay GST?
- b) Net GST liability?

Note:

- (i) All services rendered in the month of Oct 20XX.
- (ii) Turnover of business entity in the previous year Rs. 43 lakh.
- (iii) Applicable rate of GST @18%

Answer:

- (a) Business entity being recipient of service is liable to pay GST.
- (b) Net GST liability of the business entity: CGST 9% on Rs. 1,50,000 = Rs. 13,500/-SGST 9% on Rs. 1,50,000 = Rs. 13,500/-

Note: recipient is not allowed to utilize ITC against his GST liability. However, after payment of GST under RCM, the same can be availed as ITC against his outward supplies.

Q. 10

The customs authority confiscated the gold from Mr. TYN, at the time of import from Dubai. Subsequently sold these goods through auction to M/s C Ltd. of Chennai for Rs. 22,25,000. Applicable rate of GST 18%. You are required to answer the following:

- (a) person liable to pay GST.
- (b) GST liability.

Answer:

- (a) The person liable to pay GST is M/s C Ltd.
- (b) GST liability is Rs. 4,00,500/-

Q. 11

M/s Dinesh Industries (registered person under GST) manufacturer cum seller of silk yarn in Coimbatore. In the month of Oct 2017 supplied 2000 kgs of silk yarn at Rs. 250 per kg. to M/s Annapoorna Pvt. Ltd. located in Chennai. Applicable GST rate @5%.

You are required to answer

- (a) Who is liable to pay GST.
- (b) Net liability of GST.

Answer:

- (a) GST is liable to pay by recipient of goods. In the given case M/s Annapoorna Pvt. Ltd. is liable to pay GST.

- (b) Net liability of GST:

Particulars	2.5% CGST	2.5% SGST
Output tax	12,500	12,500
Less: Input Tax Credit (ITC)	NA	NA
Net tax liability of M/s Annapoorna Pvt. Ltd.	12,500	12,500

Q. 12

Mr. Raj being a agriculturist cultivated tobacco leaves in the State of West Bengal and also registered under GST. These goods are sold to M/s RR Industries for Rs. 5,75,000 a registered person in the State of Andhra Pradesh. Applicable rate of GST 5%. M/s RRIndustries has input tax credit CGST Rs. 3,250 and SGST Rs. 3,250. You are required to answer the following.

- (a) Who is liable to pay GST.
- (b) Net liability of GST.

Answer:

(a) GST is liable to pay by recipient of goods. In the given case M/s RR Industries is liable to pay IGST.

(b) Net liability of M/s RR Industries:

Particulars	IGST	Remarks
Output tax	28,750	ITC is not allowed to utilize by recipient while paying GST under RCM.
Less: Input Tax Credit (ITC)	NA	
Net tax liability of M/s RR Industries	28,750	

Q. 13

Mr. X being a farmer cultivated Bidi wrapper leaves (tendu) in the State of Telangana. These goods are sold to M/s Sri Vijaya Industries for Rs. 2,12,500 a registered person in the State of Kerala. Applicable rate of GST 5%.

You are required to answer the following.

- (a) Who is liable to pay GST.
- (b) Net liability of GST.

Answer:

(a) GST is liable to pay by recipient of goods. In the given case M/s Sri Vijaya Industries.

(b) Net liability of M/s Sri Vijaya Industries:

Particulars	IGST	Remarks
Output tax	10,625	ITC is not allowed to utilize by recipient while paying GST under RCM.
Less: Input Tax Credit (ITC)	NA	
Net tax liability of M/s Sri Vijaya Industries	10,625	

Q. 14

Mr. X being an agent of cashew nuts (peeled) in the State of Kerala registered under GST. These goods are sold to M/s Raj Industries for Rs. 2,50,000 a registered person in the State of Kerala. Applicable rate of GST 5%. Mr. X has input tax credit CGST Rs. 5,250 and SGST Rs. 7,250.

You are required to answer the following.

- (a) Who is liable to pay GST.
- (b) Net liability of GST.

Answer:

(a) GST is liable to pay by supplier of goods. In the given case Mr. X is liable to pay GST.

(b) Net liability of GST:

Particulars	CGST	SGST	Remarks
Output tax	6,250	6,250	Excess credit of SGST is not allowed to adjust against CGST and viz a versa
Less: Input Tax Credit (ITC)	(5,250)	(7,250)	
CGST			
SGST			
Net tax liability of Mr. X	1,000	Nil	
Excess credit c/f	Nil	2,000	

Q. 15

Mr. X being a farmer cultivated cashew nuts not shelled or peeled in the State of Kerala. These goods are sold to M/s Raj Industries for Rs. 2,50,000 a registered person in the State of Kerala. Applicable rate of GST 5%. M/s Raj Industries has input tax credit CGST Rs. 5,250 and SGST Rs. 5,250. You are required to answer the following:

- (a) Who is liable to pay GST.
- (b) Net liability of GST.

Answer:

- (a) GST is liable to pay by recipient. In the given case M/s Raj Industries is liable to pay GST.
- (b) Net liability of GST:

Particulars	CGST	SGST	Remarks
Output tax	6,250	6,250	ITC is not allowed to utilize by recipient
Less: Input Tax Credit (ITC)	NA	NA	while paying GST under RCM.
CGST			
SGST			
Net tax liability of M/s Raj Industries	6,250	6,250	

TIME OF SUPPLY

MEANING OF TIME OF SUPPLY

- 1) It means the **DATE** on which the **CHARGING EVENT** has occurred.
- 2) Based on time of supply we will also determine the **DUE DATE** of payment of GST.

TIME OF SUPPLY OF GOODS (OTHER THAN COMPOSITION DELAER)

1) FOR TRANSACTIONS BETWEEN **1/7/2017 TO 12/10/2017**

SUPPLIER	TIME OF SUPPLY
EVERY SUPPLIER IRRESPECTIVE OF TURNOVER	DATE OF INVOICE OR DATE OF PAYMENT WHICHEVER IS EARLIER .

2) FOR TRANSACTIONS BETWEEN **13/10/2017 TO 14/11/2017**

SUPPLIER	TIME OF SUPPLY
SUPPLIER HAVING TURNOVER UPTO RS. 1.5 CRORE	DATE OF INVOICE
SUPPLIER HAVING TURNOVER BEYOND RS. 1.5 CRORE	DATE OF INVOICE OR DATE OF PAYMENT WHICHEVER IS EARLIER .

3) FOR TRANSACTIONS **15/11/2017 ONWARDS**

SUPPLIER	TIME OF SUPPLY
EVERY SUPPLIER IRRESPECTIVE OF TURNOVER	DATE OF INVOICE

NOTE: "THE DATE OF RECEIPT OF PAYMENT" MEANS:

- the date on which payment is entered in his **BOOKS OF ACCOUNTS**

or

- the date on which the payment is credited to his **BANK ACCOUNT**,

WHICHEVER IS EARLIER.

**TIME OF SUPPLY OF GOODS
(FOR COMPOSITION DEALER)**

SUPPLIER	TIME OF SUPPLY
COMPOSITION DEALER OF GOODS (NOT SERVICES)	DATE OF INVOICE

**TIME OF SUPPLY OF SERVICES
(OTHR THAN BANKING, INSURANCE, NBFC)**

SUPPLIER OF SERVICES	TIME OF SUPPLY
CASE 1: IF <u>INVOICE</u> IS ISSUED WITHIN 30 DAYS OF COMPLETION OF SERVICE	TIME OF SUPPLY SHALL BE DATE OF INVOICE OR DATE OF PAYMENT WHICHEVER IS EARLIER
CASE 2: IF <u>INVOICE</u> IS NOT ISSUED WITHIN 30 DAYS OF COMPLETION OF SERVICE	TIME OF SUPPLY SHALL BE DATE OF SERVICE COMPLETION OR DATE OF PAYMENT WHICHEVER IS EARLIER

TIME OF SUPPLY OF SERVICES
(OTHR THAN BANKING, INSURANCE, NBFC)

SUPPLIER OF SERVICES	TIME OF SUPPLY
<p>CASE 1: IF <u>INVOICE</u> IS ISSUED WITHIN 45 DAYS OF COMPLETION OF SERVICE</p>	TIME OF SUPPLY SHALL BE DATE OF INVOICE OR DATE OF PAYMENT WHICHEVER IS EARLIER
<p>CASE 2: IF <u>INVOICE</u> IS NOT ISSUED WITHIN 45 DAYS OF COMPLETION OF SERVICE</p>	TIME OF SUPPLY SHALL BE DATE OF SERVICE COMPLETION OR DATE OF PAYMENT WHICHEVER IS EARLIER

TIME OF SUPPLY OF GOODS SENT FOR APPROVAL

SUPPLIER	TIME OF SUPPLY
<p>EVERY SUPPLIER IRRESPECTIVE OF TURNOVER</p>	<ul style="list-style-type: none"> • TIME WHEN IT BECOMES KNOWN THAT SUPPLY IS TAKEN PLACE. OR • SIX MONTHS FROM THE DATE OF REMOVAL. WHICHEVER IS EARLIER

TIME OF SUPPLY OF VOUCHERS FOR GOODS & SERVICES

SUPPLIER	TIME OF SUPPLY
IF THE SUPPLIES IS IDENTIFIABLE AT THAT POINT.	DATE OF ISSUE OF VOUCHER.
IF THE SUPPLIES IS NOT IDENTIFIABLE AT THAT POINT.	DATE OF REDEMPTION OF VOUCHER.

TIME OF SUPPLY OF GOODS OR SERVICES
(RESIDUAL PROVISIONS)

SUPPLIER	TIME OF SUPPLY
WHEN NO RULE APPLIES	<ul style="list-style-type: none"> • DUE DATE OF FILING OF RETURN, IN CASE WHERE PERIODICAL RETURN HAS TO BE FILED. • DATE OF PAYMENT OF TAX IN ALL OTHER CASES

TIME OF SUPPLY OF GOODS OR SERVICES

(Related to an addition in the value of supply by way of interest, late fees or penalty)

SUPPLIER	TIME OF SUPPLY
EVERY SUPPLIER	WHENEVER SUPPLIER RECEIVES THE PAYMENT

PRACTICAL PROBLEMS

QUESTION 1. Determine the Time of supply in each of the following independent cases in accordance with provisions of Section 12 of the CGST Act, 2017 in case supply involves movement of goods.

Sl. No.	Date of Removal	Date of invoice	Date when goods made available to recipient	Date of receipt of payment
1.	01-10-2019	02-10-2019	03-10-2019	15-11-2019
2.	03-10-2019	01-10-2019	04-10-2019	25-11-2019
3.	04-11-2019	04-11-2019	06-11-2019	01-10-2019

Solution: Time of supply of goods in each of the above cases has been given in following table –

Sl. No.	Date of Removal	Date of invoice	Date when goods made available to recipient	Date of receipt of payment	Time of supply	Reason
1.	01-10-2019	02-10-2019	03-10-2019	15-11-2019	01-10-2019	Since, invoice is not issued on or before the date of removal of goods, hence time of supply is date of removal of goods.
2.	03-10-2019	01-10-2019	04-10-2019	25-11-2019	01-10-2019	TOS is date of issuance of invoice since invoice is issued prior to date of removal of goods.
3.	04-11-2019	04-11-2019	06-11-2019	01-10-2019	04-11-2019	TOS is date of issue of invoice. Advance received is not liable to be taxed at the time of receipt <i>vide</i> Notification No. 66/2017-CT dated 15-11-2017.

QUESTION 2. From the following information determine the time of supply of goods where supply involves movement of goods :

S. No.	Invoice document date	Removal of goods	Delivery of goods	Receipt of payment	Other information
1.	16-11-19	10-11-19	16-11-19	16-11-19	Supply is on account of Inter-State stock transfer. 5,00,000 is received as advance and invoice for the whole amount is issued on the same day. Balance payment `6,20,000 is received on 10-12-2019.
2.	01-11-19	10-11-19	16-11-19	20-11-19	
3.	01-12-19	01-12-19	04-12-19	10-12-19	

Solution: Time of supply of goods in each of the above cases has been given in following table—

S. No.	Invoice document date	Removal of goods	Delivery of goods	Receipt of payment	Time of supply	Reasons
1.	16-11-2019	10-11-2019	16-11-2019	16-11-2019	10-11-2019	Since invoice is not issued on or before removal of goods.
2.	01-11-2019	10-11-2019	16-11-2019	“	01-11-2019	Since invoice date is prior to the date of removal of goods.
3.	01-12-2019	01-12-2019	04-12-2019	20-11-2019	01-12-2019	TOS is date of issue of invoice. Advance received is not liable to be taxed at the time of receipt vide Notification No. 66/2017-CT dated 15-11-2017.
				10-12-2019	01-12-2019	For balance amount the time of supply shall be the date of Invoice.

QUESTION 3. Determine the Time of supply in each of following independent cases in accordance with provisions of Section 12 of the CGST Act, 2017 in case supply does not involve movement of goods.

Sl. No.	Date of invoice	Date when goods made available to recipient	Date of receipt of payment
1.	02-10-2019	03-10-2019	15-11-2019
2.	04-10-2019	01-10-2019	25-11-2019
3.	04-11-2019	06-11-2019	01-10-2019

Solution: Time of supply of goods in each of the above cases has been given in following table—

Sl. No.	Date of invoice	Date when goods made available to recipient	Date of receipt of payment	Time of supply	Reason
1.	02-10-2019	03-10-2019	15-11-2019	02-10-2019	TOS is date of issuance of invoice since invoice is issued prior to date when goods are made available to recipient.
2.	04-10-2019	01-10-2019	25-11-2019	01-10-2019	TOS is date when goods are made available to the recipient and date of issuance of invoice is after that date.
3.	04-11-	06-11-	01-10-	04-11-	TOS is date of issue of invoice. Advance

2019	2019	2019	2019	received is not liable to be taxed at the time of receipt <i>vide</i> Notification No. 66/2017-CT dated 15-11-2017.
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QUESTION 4. Mr. X purchased certain goods from M/s. ABC a registered supplier on 15-11-2019 worth `15,750. He made a payment of `16,000 with an instruction to adjust the excess payment against future purchases, and hence the same was adjusted by the supplier against his future purchase made on 01-01-2020 (invoice issued on same date). Determine the tax implications with regard to such excess payment in light of the GST law.

Solution: As per the proviso to Section 12(2) of the CGST Act, 2017, where the supplier of taxable goods receives an amount up to `1,000 in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount. Hence, in the given case, the time of supply with respect to the excess amount of `250, shall be 01-01-2020 when invoice relating to next supply is raised. *Besides this*, as per Notification No. 66/2017 dated 15-11-2017, the time of supply for advances shall be the date of issuance of invoice as per provisions of Section 12(2) (a), and not the date of receipt of advance.

QUESTION 5. During the course of search it was found that 200 cartons of wall tiles were dispatched on 25th August, 2019 but no invoice was made and the cartons were not entered in the accounts. There was no evidence of receipt of payment. What is the time of supply of the 200 cartons?

Ans: Time of supply of goods is the earlier of the following two dates in terms of Section 12(2): y Date of issue of invoice/last date on which the invoice is required to be issued

> Date of receipt of payment

In this case since the invoice has not been issued, the time of supply will be the last date on which the invoice is required to be issued or date of receipt of payment, whichever is earlier.

The invoice for supply of goods must be issued on or before the despatch of goods *i.e.*, on 25-08-2019. Since there is no evidence of receipt of payment, time of supply of the goods will be 25-08-2019, the date when the invoice should have been issued.

QUESTION 6. From the following information determine the time of supply if there is continuous supply of goods :

S.No	Invoice date	Removal of goods	Statement of accounts	Receipt of payment
1.	01-12-2019	15-11-2019 25-11-2019	05-12-2019	02-12-2019
2.	21-01-2020	18-01-2020 31-01-2020	05-01-2020	10-02-2020

Solution: Time of supply of goods in each of the above cases has been given in following table—

S. No.	Invoice date	Removal of goods	Statement of accounts	Receipt of payment	Time of supply	Reason
1.	01-12-2019	15-11-2019 25-11-2019	05-12-2019	02-12-2019	01-12-2019	TOS is date of invoice since invoice is issued before statement of account.
2.	21-01-2020	18-01-2020 31-01-2020	05-01-2020	10-02-2020	05-01-2020	TOS is date of statement of account since invoice is issued after the date of statement of account and payment is also received after that date.

QUESTION 7. From the following information determine the time of supply if goods are supplied on approval basis:

S.No.	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment
1.	01-12-2019	15-12-2019	05-12-2019	25-12-2019
2.	01-12-2019	25-07-2020	25-07-2020	20-07-2020

Solution: Time of supply of goods in each of the above cases has been given in following table—

S. No.	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment	Time of supply	Reason
1.	01-12-2019	15-12-2019	05-12-2019	25-12-2019	05-12-2019	TOS shall be the date of acceptance by the recipient as invoice was issued after that date.
2.	01-12-2019	25-07-2020	25-07-2020	20-07-2020	02-06-2020	TOS shall be date after expiry of 6 months from the date of removal, since invoice is not issued within 6 months from the date of removal and payment is also received after such date.

QUESTION 8. XYZ Ltd. has purchased for its customers 100 vouchers dated 24-12-2019 worth ₹1,000 each from ABC Ltd., a footwear manufacturing company. The vouchers were issued by ABC Ltd. on 25-12-2019. The vouchers can be encashed at retail outlets of ABC Ltd. The employees of XYZ Ltd. encashed the same on 01-01-2020. Determine time of supply of vouchers.

Ans: In case of supply of vouchers by a supplier, the time of supply shall be the date of issue of voucher, if the supply is identifiable at that point. In this case the

supply of goods *i.e.* footwear is identifiable with the voucher, hence time of supply shall be the date of issue of such vouchers by ABC Ltd. *i.e.* 25-12-2019.

QUESTION 9. Tasty food meal coupons are sold to a company on 25-08-2019 for being distributed to the employees of the said company. The coupons are valid for 6 months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the 6 months. What is the date of supply of the coupons?

Ans: As the coupons can be used for a variety of food items, which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of the redemption in terms of Section 12(4).

QUESTION 10. Ms. Reema purchased a gift voucher from Shoppers Stop (a departmental store) worth `1,500 on 30-10-2019 and gifted it to her friend on occasion of her birthday on 04-11-2019. Her friend encashed the same on 01-01-2020 for purchase of a handbag. Determine the time of supply.

Ans: In this case supply is not identified with the voucher. The holder of voucher can purchase anything from Shoppers Stop. Hence, time of supply is date of redemption of voucher *i.e.*, the date of purchase of goods by the holder of voucher *i.e.*, 01-01-2020.

QUESTION 11. Mr. X, a registered supplier supplied certain goods to Mr. Y on 6 months credit with a penalty clause in the agreement levying a penalty of 5% of the invoice value in case of delayed payment. The invoice was dated 01-11-2019. Mr. Y could not make the payment on the due date due to unavoidable reasons. He however made the payment of the invoice value on 05-05-2020. Mr. X raised a debit note for the penalty amount. There being dispute on this, the matter was in arbitration which was finally resolved with Mr. Y agreeing to pay half of the penalty amount. The amount was paid by Mr. Y on 12-12-2020. Determine the Time of Supply in light of the GST law.

Solution: With respect to the goods supplied, the Time of Supply shall be the invoice date (assuming the delivery of goods on the date of invoice) *i.e.*, 01-11-2019. With respect to the penalty amount the TOS shall be the date of payment by Mr. Y towards the penalty charge *i.e.*, 12-12-2020 [as per Section 12(6)].

QUESTION 12. Determine the time of supply in each of following independent cases in accordance with provisions of CGST Act, 2017:

s. No.	Date of actual provision of service	Time [Date] of Invoice, Bill or Challan as the case may be	Date on which payment received
1.	10-11-2019	30-11-2019	15-12-2019
2.	10-11-2019	30-11-2019	15-11-2019
3.	10-11-2019	30-11-2019	15-11-2019 (Part) and 10-12-2019 (remaining)

4.	10-11-2019	30-11-2019	06-11-2019 (Part) and 09-11-2019 (remaining)
5.	10-11-2019	30-11-2019	06-11-2019 (Part) and 16-11-2019 (remaining)
6.	10-11-2019	12-12-2019	30-04-2019
7.	10-11-2019	12-12-2019	05-11-2019 (Part) and 25-12-2019 (remaining)
8.	10-11-2019	22-12-2019	12-12-2019

Solution: Time of supply of services in each of the above cases has been given in following table-

S. No.	Date of provision of service	Date of Invoice	Date of receipt of payment	Time of Supply	Remarks
1.	10-11-2019	30-11-2019	15-12-2019	30-11-2019	Invoice issued within 30 days and before receipt of payment.
2.	10-11-2019	30-11-2019	15-11-2019	15-11-2019	Invoice issued within 30 days but payment received before invoice.
3.	10-11-2019	30-11-2019	15-11-2019 (Part) and 10-12-2019 (remaining)	15-11-2019 and 30-11-2019 for respective amounts	Invoice issued within 30 days. Part payment received before invoice and remaining payment after invoice. As per Explanation (i) The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.
4.	10-11-2019	30-11-2019	06-11-2019 (Part) and 09-11-2019 (remaining)	06-11-2019 and 09-11-2019 for the respective amounts	Invoice issued within 30 days. However, the advance has been received in two installments before the date of completion of service. Thus, date of receipt of each such advance shall be treated as TOS. As per Explanation (i) The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.
5.	10-11-2019	30-11-2019	06-11-2019 (Part) and 16-11-2019 (remaining)	06-11-2019 and 16-11-2019 for the respective amounts	Invoice issued within 30 days. Part payment (in the form of advance) received before issue of invoice and remaining payment received after completion of service. As per Explanation (i) The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.
6.	10-11-2019	12-12-2019	30-04-2020	10-11-2019	Invoice not issued within 30 days and payment received after completion of

					service.
7.	10-11-2019	12-12-2019	05-11-2019 (Part) and 25-12-2019 (remaining)	05-11-2019 and 10-11-2019 for respective amounts	Invoice not issued within 30 days. Part payment received as advance before completion of service and remaining payment received subsequently. As per Explanation (i) The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.
8.	10-11-2019	22-12-2019	12-11-2019	10-11-2019	Invoice not issued within 30 days and entire payment received after completion of service.

QUESTION 13. Determine the time of supply from the following particulars :

25-07-2019	Booking of convention hall, sum agreed `15,00,000, advance of `1,01,000 received
10-11-2019	Event held in convention hall
20-12-2019	Invoice issued for `15,00,000, indicating balance of `13,99,000 payable
25-12-2019	Balance payment of T 13,99,000 received

Solution: As per Section 31 read with Rule 47 of CGST Rules, the tax invoice is to be issued within 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit. As per Section 13(2) (b), in a case where the invoice is not issued within the prescribed time, the time of supply of service is the date of provision of service or receipt of payment, whichever is earlier.

Therefore, the time of supply of service to the extent of `1,01,000 is 25-07-2019 as the date of payment of `1,01,000 is earlier than the date of provision of service. The time of supply of service to the extent of the balance `13,99,000 is 10-11-2019 which is the date of provision of service.

QUESTION 14. Interiors Ltd. receives the order and advance payment on 25-01-2020 for carrying out an architectural design job. It delivers the designs on 30-04-2020. By oversight, no invoice is issued at that time, and it is issued much later, after the expiry of prescribed period for issue of invoice. When is the time of supply of service?

Ans: Since the invoice has not been issued within the prescribed time period, time of supply of service will be the earlier of the following two dates in terms of section 13(2)(b):

- > Date of provision of service
- > Date of receipt of payment

The payment was received on 25-01-2020 and the service was provided on 30-04-2020. Therefore, the date of payment, i.e., 25-01-2020 is the time of supply of the service in this case.

QUESTION 15. From the following information determine the time of supply of services. The supply is a continuous supply of service where contract provides for monthly payment upto 15th of the succeeding month.

Entry of provision of services in books	Invoice date	Due date of payment as per contract	Receipt of payment
30-11-2019	07-12-2019	15-12-2019	20-12-2019
31-12-2019	22-01-2020	15-01-2020	20-01-2020
31-01-2020	15-02-2020	15-02-2020	11-02-2020

Solution: Time of supply of services in each of the above cases has been given in following table—

Entry of provision of services in books	Invoice date	Due date of payment as per contract	Receipt of payment	Time of supply	Reason
30-11-2019	07-12-2019	15-12-2019	20-12-2019	07-12-2019	Since invoice is issued prior to due date and payment is received after the date of invoice.
31-12-2019	22-01-2020	15-01-2020	20-01-2020	31-12-2019	Since invoice is issued after due date of payment and payment is also received after such date.
31-01-2020	15-02-2020	15-02-2020	11-02-2020	11-02-2020	Since payment is received prior to due date of payment.

QUESTION 16. Swacchta & Co. is engaged in supply of cleaning services in residential premises. Investigation shows that Swacchta & Co. carried out service of cleaning and repairs of tanks in Kamal Housing society, for which the Kamal Housing society showed a payment in cash on 25-12-2019 to them against work of this description. The dates of the work are not clear from the records of Swacchta & Co. Swacchta & Co. have not issued invoice or entered the payment in their books of account.

Ans: The time of supply cannot be determined *vide* the provisions of Section 13(2)(a)/(b) as neither the invoice has been issued nor the date of provision of service is available as also the date of receipt of payment in the books of the supplier is not available.

Therefore, the time of supply will be determined *vide* Section 13(2) (c) i.e., the date on which the recipient of service shows receipt of the service in his books of account. Thus, time of supply will be 25-12-2019, the date on which the Kamal Housing society records the receipt of service in its books of account.

QUESTION 17. From the following information determine the time of supply of services where supply is by issue of voucher (for the same nature of service) valid for one year and are issued after supply of first service.

First service	Issue of voucher	Redemption of voucher	Last date for acceptance of voucher
01-01-2020	01-01-2020	31-10-2020	31-12-2020

Solution: Time of supply of services in each of the above cases has been given in following table—

First service	Issue of voucher	Redemption of voucher	Last date for acceptance of voucher	Time of supply	Reason
01-01-2020	01-01-2020	31-10-2020	31-12-2020	01-01-2020	TOS is date of issue of voucher since supply is identifiable at the time of issuance of voucher.

QUESTION 18. From the following information determine the time of supply of service.

Particulars of voucher	First service/delivery of goods	Issue of voucher	Redemption of voucher	Last date for acceptance of voucher
Voucher valid for one year is issued to a recipient after supply of a service, for any other services or goods across India.	01-01-2020	01-01-2020	14-12-2020	31-12-2020

Solution: Time of supply of services in each of the above cases has been given in following table—

Particulars of voucher	First service/delivery of goods	Issue of voucher	Redemption of voucher	Last date for acceptance of voucher	Time of supply	Reason
Voucher valid for one year is issued to a recipient after supply of a service, for any other services or goods across India.	01-01-2020	01-01-2020	14-12-2020	31-12-2020	14-12-2020	The time of supply will be date of redemption of voucher since supply is not identifiable at the time of issuance of voucher.

QUESTION 19. P of Chennai supplies goods to B of Bengaluru. P has to send the goods for delivery from Chennai to Bengaluru. P sends the goods to B on 30th Oct 2017. Turnover of P in the Previous Year was Rs. 2 crore. Find the time of supply in the following different scenarios:

Removal of Goods	Date of Issue of Invoice	Last Date for Issue of Tax Invoice	Date on which payment is entered in the books of account	Date on which payment is credited in the Bank Account	Time of Supply	Criteria for determining Time of Supply
30th Oct	30th Oct	30th Oct	31st Oct	1st Nov	30th Oct	Date of issue of Invoice
30th Oct	2nd Nov	30th Oct	31st Oct	1st Nov	30th Oct	Last Date for issue of Invoice
30th Oct	28th Oct	30th Oct	27th Oct	26th Oct	26th Oct	Date on which payment is credited in the Bank Account

QUESTION 20. Mr. Ram sold goods to Mr. Shyam worth Rs. 5,00,000. The invoice was issued on 15th November. The payment was received on 30th November. The goods were supplied on 20th November.

Find the time of supply of goods.

P.Y. turnover of Mr. Ram was Rs. 172 lakhs.

Answer:

Particulars	Whichever is earlier
Date of issue of invoice	15th November
Last date on which invoice should have been issued	20th November
Date of receipt of payment	30th November
TIME OF SUPPLY	Date of invoice
Therefore, time of supply of goods = 15th November.	

QUESTION 21. Mr. Ram sold goods to Mr. Ravi worth Rs. 5,00,000. The invoice was issued on 15th November. The payment was received on 31st October. The goods were supplied on 20th November.

Find the time of supply of goods.

P.Y. turnover of Mr. Ram was Rs. 72 lakhs.

Answer:

Particulars		
Date of issue of invoice	15th November	Date of invoice is the criteria
Last date on which invoice should have been issued	20th November	
Date of receipt of payment	31st October	
Therefore, time of supply of goods = 15th November.		

QUESTION 22. M/s X Ltd., being a manufacturer, sold goods to M/s Y Ltd., wholesaler, and issued invoice for the sale on 01-08-2020.

Find the time of supply of goods in each of the following independent cases:

- (i) M/s X Ltd., removes the goods for delivery to M/s Y Ltd., on 16th August 2020.
- (ii) M/s. Y Ltd., collects the goods from premises of M/s X Ltd., on 10th August 2020.
- (iii) M/s Y Ltd., made full payment on 26th July 2020.
- (iv) M/s Y Ltd., credited the payment in bank account of M/s X Ltd., on 28th July 2020 for 3/4th of goods, M/s X Ltd., recorded the same as receipts in his books on 3rd August 2020. The goods were dispatched on 5th August 2020 from the warehouse.

Answer:

(i) 1st August 2020 is the time of supply of goods. i.e. Earlier of the following:

- Date of Invoice - 1st August 2020
- or
- Date on which invoice is required to be issued - 16th August 2020.

(ii) 1st August 2020 is the time of supply of goods. i.e. Earlier of the following:

- Date of Invoice - 1st August 2020
- or
- Date on which goods is delivered - 10th August 2020.

(iii) 1st August 2020 is the time of supply of goods i.e. DATE OF INVOICE: -

Note: assume P.Y. turnover exceeds X 1.50 crore.

(iv) The time of supply of goods for 3/4th of the goods will be 28th July 2020 as the payment has been made prior to the date of invoice and the time of supply of goods will be 1st August 2020 for remaining 1/4th goods.

Note: assume P.Y. turnover exceeds Rs. 1.50 crore.

QUESTION 23. ABC & Co., a Cost Accountants firm issued invoice for services rendered to Mr. Ram on 5th August 2017. Determine the time of supply in following independent cases:

- (i) The provisions of services were completed on 1st July 2017.
- (ii) The provisions of services were completed on 15th July 2017.
- (iii) Mr. Ram made the payment on 3rd July 2017, where provisions of services were remaining to be completed.
- (iv) Mr. Ram made the payment on 15th August 2017, where provisions of services were remaining to be completed.

Answer:

- (i) 1st July 2017 will be the time of supply of services as invoice is not issued within the time frame of 30 days.
- (ii) 5th August 2017 will be the time of supply of services as invoice is issued within the time frame.
- (iii) 3rd July 2017 will be the time of supply of services as payment received before invoice date.

- (iv) 5th August 2017 will be the time of supply of services as invoice is issued before the completion of provisions of services.

QUESTION 24. Reliable Industries a readymade garment manufacturer issued the voucher on 10-07-2017 to their prospective customer for enabling them to buy readymade garments manufactured by them from their shop. Customer purchased readymade garments on 20th Aug 2017. Find the time of supply of goods?

Answer:

Time of supply of goods = 10-07-2017

Note: time of supply will be the issuance of the voucher. Since, the voucher is identifiable with the goods.

QUESTION 25. Shopper's Stop Store a large retailer who sells various types of products like readymade garment, jewellery, cosmetics, fabrics, shoes etc., issued the voucher on 10-07-2017 to their prospective customer for enabling them to buy any product from their shop. Customer purchased readymade garments on 20th Aug 2017. Find the time of supply of goods?

Answer:

Time of supply of goods = 20-08-2017

Note: time of supply will be the date of encashment of voucher (i.e. Redemption of voucher), since, the voucher is not identifiable with any specific product.

QUESTION 26. Mr. X being a supplier receives consideration in the month of September 2017, instead of due date of July 2017, and for such delay he is eligible to receive an interest amount of Rs. 1000/- and the said amount is received on 15.12.2017. Find the time of supply for the interest portion and due date of payment.

Answer:

The time of supply = 15.12.17

i.e. the date on which it is received by the supplier and Due date of tax liability = 20.01.18.

QUESTION 27. (i) R, a manufacturer of machines (having a turnover of more than Rs. 1.5 crore) received an advance of Rs. 1,20,000 along with the purchase order on 15.10.2019 for supply of machine X for Rs. 20,00,000 to be manufactured according to the specifications. Advance payment was entered in the books of account on 16.10.2019 and credited in his bank account 18.10.2019. The machine is manufactured and after approval has been delivered to the buyer on 25.10.2019 and the invoice was raised at the time of removal. The balance payment of Rs. 18,80,000 was received on 15.11.2019 which was recorded in the books of accounts of R on the same date and was credited in his bank on 17.11.2019. . Determine the time of Supply. (4 marks; 2018 - June)

(ii) R issues an invoice of Rs. 64,100 for supply of goods 10.10.2019 and received Rs. 65,000 in his bank through RTGS on the same date which was credited in his books of account on 11.10.2019 on receipt of intimation from the bank. Determine the time of supply of goods and the time of supply of excess payment.

(4 marks; 2018 -

June)

Answer:

1. TIME OF SUPPLY FOR THE ENTIRE TRANSACTION IS : DATE OF INVOICE”
25.10.2019

2. Time of supply of excess payment of Rs. 900

R has received Rs. 900 in excess which cannot be taken as payment for invoice issued on 10.10.2019.

Hence, in this case R will adjust the excess amount against the next supply. Consequently, the time of supply for Rs. 900 can be taken as the date of issue of next invoice if the supplier so chooses, though he has received the payment earlier.

QUESTION 28. Determine the time of supply of goods in the following independent situations, as per the GST law, giving brief reason for your conclusion (Answer without reasoning will not deserve any credit):

Sl. No.	Date of removal of goods	Date of receipt of goods by buyer	Date of issue of tax invoice	Date of credit of payment in supplier's books of account	Date of credit of payment in supplier's bank account
1	04-01-2020	05-01-2020	04-01-2020	05-01 -2020	06-01-2020
2	04-01-2020	03-01-2020	05-01-2020	03-01 -2020	02-01 -2020
3	04-01-2020	05-01-2020	04-01-2020	07-01 -2020	08-01-2020

(5 marks; 2019 - June)

Answer:

S. No.	Date of supply	Brief reason
1	4-1-2020	Date of issue of tax invoice
2	4-1 -2020	Date of issue of tax invoice
3	4-1-2020	Date of issue of tax invoice

VALUE OF SUPPLY

Q. 1

Mr. A goes to shop of Mr. B and purchases television. He pays amount of Rs. 50,000 as consideration for 52 inches LED TV Purchased plus GST. Where MRP of the product Rs. 65,000. Discount offered to all buyers Rs. 15,000. As per section 15(1) of the CGST Act, 2017 the valuation will be as per transaction value basis. Assume applicable rate of CGST 14% and SGST 14%. Invoice will be prepared as follows:

Invoice

Particulars	Value in Rs.
Transaction value	50,000
Add: CGST 14%	7,000
Add: SGST 14%	7,000
Invoice price	64,000

Note: Invoice price should not increase the Maximum Retail Price (MRP)

If Mr. A not maintained sole consideration for such sale or they are related persons then valuation will based on determination of value of supply rules (i.e. CGST Rules, 2017).

Q. 2

Admission to True Theater is Rs. 90 per ticket for a Tamil Movie as well as for a Hindi Movie plus entertainment tax Rs. 10% on Tamil Movie and 20% on other languages. In the month of November, True Theater sold 2000 tickets of Tamil Movie and 1500 tickets of Hindi Movie. Find the value of taxable supply of service. Applicable rate of GST 18% & 28%. Find the GST liability if any?

Answer:

Statement showing value of taxable supply of service and GST liability:

Value of taxable services:

Tamil Movie	Rs. 1,98,000	99 x 2000 tickets)		
Hindi Movie	Rs. 1,62,000	108 x 1500 tickets)		
Particulars				
Particulars	9% CGST	9% SGST	14% CGST	14% SGST
GST liability (Rs.)	17,820	17,820	22,680	22,680

Working note:

Particulars	Tamil Movie (Rs.)	Hindi Movie (Rs.)
Rate per ticket	90	90
Add: Entertainment tax	9	18
Value of taxable supply	99	108
Applicable GST rate	18%	28%

Supplies made by recipient on behalf of supplier [Sec. 15(2)(b) of CGST Act, 2017]:

The transaction value will include the amount which the supplier is so liable to pay but it has been paid by the recipient of supply.

Q. 3

Mr. Ram sold goods to Mr. Lakshman for Rs. 2,50,000. As per the contract of sale, Mr. Ram is required to deliver the goods in the premises of Mr. Lakshman. Mr. Ram hires transporter for transportation for delivery of goods. However, the freight paid by Mr. Lakshman to transporter. Freight paid Rs. 2,500.

Find the transaction value of supply of goods.

Answer:

Particulars	Value in Rs.
Value of supply of goods	2,50,000
Add: Freight paid by recipient of supply (which the supplier is so liable to pay)	2,500
Taxable value of supply of goods	2,52,500

TCS would not be includable in the value of supply under GST:

The Central Government vide Corrigendum to Circular No. 76/50/2018-GST, dated 31st December, 2018 has clarified that Tax collection at source (TCS) is not a tax on goods but an interim levy on the possible "income" arising from the sale of goods by the buyer and to be adjusted against the final income- tax

liability of the buyer. Accordingly, for the purpose of determination of value of supply under GST, Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961 would not be includable as it is an interim levy not having the character of tax.

Q. 4

What is the correct valuation methodology for ascertainment of GST on Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961?

Answer:

1. Section 15(2) of CGST Act specifies that the value of supply shall include "any taxes, duties cesses, fees and charges levied under any law for the time being in force other than this Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier."
2. For the purpose of determination of value of supply under GST, Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961 would not be includable as it is an interim levy not having the character of tax.

Q. 5

Motor vehicle worth Rs. 20 lakh is sold by M/s Sundar Pvt. Ltd. to a customer in retail market and for which Rs. 5 lakh has been paid in cash and balance amount by way of cheque.

Find the following:

- (a) TCS under section 206C of the Income Tax Act, 1961 is applicable in the given case?
- (b) Who is required to collect TCS?
- (c) Value TCS if any?
- (d) Value of taxable supply under section 15 of CGST Act, 2017Rs.
- (e) Invoice Price of M/s Sunder Pvt. Ltd.?

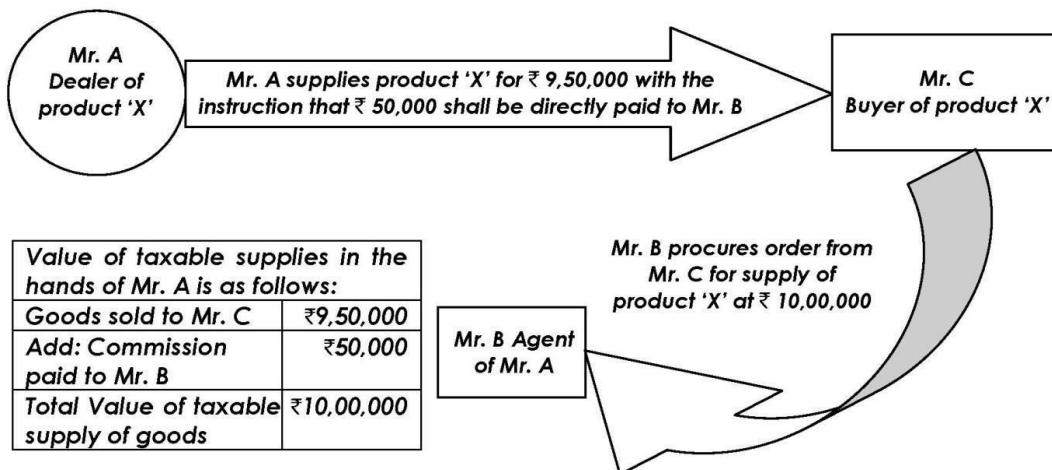
Note: Assume applicable TCS is @1% and GST 28%.

Answer:

- (a) Yes, TCS is applicable in the given case.
- (b) Under section 206C the seller has to collect Tax at Source (TCS) at the rate of 1% from purchaser while selling the specified items or services beyond specified limits. In the given case M/s Sundar Pvt. Ltd. must collect the TCS.
- (c) TCS = Rs.20,000 (i.e. @1% on Rs.20 lakh)
- (d) Value of taxable supply under Section 15 of CGST Act, 2017 is Rs.20 lakh only.
- (e) Invoice price

Particulars	Value in (Rs.)
Cost of Motor Vehicle	20,20,000
Add: TCS under Sec 206C of IT Act, 1961	20,000
Sub-total	20,20,000
Add: GST 28% on Rs.20 lakh	5,60,000
Invoice price	25,80,000

Q. 6



Q. 7

Mr. A is a seller of furniture. He supplied the furniture for Rs. 5,75,000 to Mr. B with the condition that to remove old furniture from the premises of Mr. B by charging Rs. 5,000. Find the value of taxable supply of goods in the hands of Mr. A.

Answer:

The value of taxable supply of goods is Rs. 5,80,000.

Q. 8

Penal interest charged by the banker for delay in payment of dues is subject to GST.

Subsidy directly linked to the price (other than Govt. Subsidies) [Sec. 15(2)(e) of CGST Act, 2017]:

Subsidy provided in any form or manner linked to the supply will also be included in the transaction value.

Q. 9

Bharat Gas sells cooking gas cylinders. Subsidy directly transferred to the account of the customer. Selling price per cylinder is Rs. 800. Customer received subsidy Rs. 200 directly from Government to his bank account. Net outflow of the buyer is Rs. 600. Find the value of supply of goods (per cylinder) in the hands of Bharat Gas.

Answer

Since, the amount of subsidy is directly credited to the account holder and not received by the Bharat Gas making the supply. Therefore, such subsidy will not be considered as part of transaction value as it is not received by the Bharat Gas making the supply.

Hence, transaction value is Rs. 800 per cylinder.

Q. 10

The Government provides subsidy, for the benefit of farmers but it is given to the manufacturer of fertilizers. Such subsidy will form part of value of supply?

Answer

The buyer of goods does not provide subsidy, but the Government as per the scheme provides it.

Therefore, this will not form part of value of supply as it is specifically specified that such subsidy provided by the Government will not form part of the value of supply.

Q. 11

M/s Ashok Enterprise sells mineral water bottles, with MRP Rs. 20 per bottle. However, customers availing discount of Rs. 4 per bottle. In the month of Oct 2017, M/s Ashok Enterprise sold 2,000 bottles. Applicable rate of GST 18%. Find the tax liability.

Answer:

Particulars	Rs.
Transaction value	32,000
Add: CGST 9% on Rs. 32,000	2,880
Add: SGST 9% on Rs. 32,000	2,880
Invoice price	37,760

Working note:

RP value	(Rs. 20 x 2000 pcs)	40,000
Less: Discount	(Rs. 4 x 2000 pcs)	(8,000)
Transaction value		32,000

Q. 12

Best Cars Ltd. sells a car worth Rs. 5,00,000 to Sundar Automobiles. Best Cars Ltd. incurred packing charges of Rs. 6,000 on the car. Best Cars Ltd provided a discount of 1% on the car price, as part of Diwali scheme.

Best Cars Ltd agreed to provide a further discount of 0.5% if Sundar Automobiles makes payment by 31st of the month via net banking. Sundar Automobiles makes the payment by 31st of the month using net banking. Find the Net GST liability in the hands of Best Cars Ltd. Applicable rate of GST 18%.

Answer:

Particulars	Value in Rs.
Value of the product	5,00,000
Add: packing charges	6,000
Sub-total	5,06,000
Less: Discount 1% on Rs 5 lakh	(5,000)
Transaction value	5,01,000
Add: CGST 9%	45,090
Add: SGST 9%	45,090
Invoice price	5,91,180

Note: Since, the discount was known at the time of supply, and can be linked to this specific invoice, the discount amount can be reduced from the transaction value.

For this, Best Cars Ltd will issue a credit note to Sundar Automobiles for Rs. 2,500 (0.5% of Rs. 5,00,000 = Rs. 2,500+ GST@ 18% on Rs. 2,500 = Rs. 450), and the same must be linked to the relevant tax invoice.

Discount given after supply but agreed upon before or at the time of supply and can be specifically linked to relevant invoices, can be deducted from the transaction value.

Q. 13

However, due to a severe cash crunch, Best Cars Ltd requests Sundar Automobiles to make the payment within 2 days, promising a discount of 2% on doing so. Sundar Automobiles makes the payment within 2 days.

Answer:

Since, the discount was not known at the time of supply, it couldn't be claimed as a deduction from the transaction value for GST calculation.

Q. 14

M/s Nambiar & Co., an Audit firm based in Cochin undertake an audit assignment of his client based in Chennai. The Contract mentioned about the audit fees of Rs. 5,00,000 and arrangement of taxi by the Client which may be worth Rs. 15,000.

Find the transaction value on which M/s Nambiar and Co., is liable to pay GST.

Answer:

Transaction value in the hands of M/s Nambiar & Co., is Rs. 5,15,000.

Note: Not only audit fees but also the expenditure incurred in connection with the taxi Rs.15,000 constitute the sole consideration.

Q. 15

M/s X Ltd. is engaged in doing job work for M/s Y Ltd. M/s Y Ltd. supplies raw material for Rs. 2,00,000 and packing material for Rs. 22,500 to M/s X Ltd. for completion of job work. M/s X Ltd. has agreed to supply services for the purpose of performing the activities specified by M/s Y Ltd. for Rs. 1,00,000. Job worker profit of Rs. 70,000 and material consumed for Rs. 3,500. Find transaction value (i.e. sole consideration) to levy GST in the hands of M/s X Ltd.

Answer:

Particulars	Value in Rs.
Service charges	1,00,000
Add: Material consumed	3,500
Add: Jobworker profit	70,000
Transaction value (i.e. taxable value of supply of service in the hands of M/s X Ltd.)	1,73,500

Note: "Although, it includes materials worth Rs. 3,500, still the entire supply including value of material would be treated as services.

Q. 16

Asha Ltd. supplies raw material to a job worker Kareena Ltd. After completing the job-work, the finished product of 5,000 packets are returned to Asha Ltd. putting the retail sale price as Rs. 20 on each packet. The product in the packet is covered under MRP provisions. Determine the transaction value in the hands of Kareena Ltd. under GST law from the following details:

Particulars	Value in Rs.
Cost of raw material supplied	30,000
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to the job worker	3,000
Transportation charges for returning the finished packets to Asha Ltd.	4,500
Asha Ltd. paid certain technology transfer fees to Reena Ltd', so that 'Kareena Ltd' can use the said technology in the given job-work operation and the same amortized in the books of job-worker	22,500

Note: Kareena Ltd offered discount Rs. 2,000, provided full payment is made at the time of raising invoice and the same is mentioned in the invoice. Asha Ltd. made full payment at the time of issue of invoice.

Answer:

Statement showing transaction value of Kareena Ltd.

Particulars	Value in Rs.
Cost of raw material supplied	Exempted supply
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to the job worker	Exempted supply
Transportation charges for returning the finished packets to Asha Ltd. [Sec. 15(2)(b) of the CGST Act, 2017]	4,500
Technology fee [Sec. 15(2)(b) of the CGST Act, 2017]	22,500
Sub-total	37,000
Less: Discount [Sec. 15(3) of CGST Act, 2017]	(2,000)
Transaction value (i.e. sole consideration)	35,000

Note: It is very clear that principal to jobworker and jobworker to principal can not be treated as supply as per section 143 of the CGST Act, 2017.

Q. 17

Mr. Bhanu makes supply of Rs. 2,00,000 to Mr. Renu. The contract provides that Mr. Renu will pay Rs. 50,000 to Mr. Bhanu and Rs. 1,50,000 to Mr. Venu to settle the debt of Mr. Bhanu. Find the transaction value and GST liability in the hands of Mr. Bhanu. Applicable rate of CGST and SGST 9% each.

Answer:

Statement showing transaction value and GST liability:

Particulars	Value in Rs.
Payment from Renu to Bhanu	50,000
Payment from Renu to Venu for settling the debt of Bhanu	1,50,000
Transaction value (i.e. Sole consideration)	2,00,000
CGST 9%	18,000
SGST 9%	18,000

Q. 18

Where a new phone is supplied for Rs. 20,000/- along with the exchange of an old phone and if the price of the new phone without exchange is Rs. 24,000/-, the open market value of the new phone is Rs. 24000/-.

Q. 19

Mr. A being a registered person sells TVs to all customers at Rs. 45,000. He supplied new TV for Rs. 42,000 along with the exchange of an old TV. Find the open market value of TV.

Answer:

Open market value is Rs. 45,000.

Q. 20

M/s X Ltd is a manufacturer of car and sells the car in the open market at a price of Rs. 11,00,000. M/s X Ltd provided the car to his company auditor is only for Rs. 9,00,000. In return auditor provide auditing services to M/s X Ltd and charged Rs. 5,000 with the condition that company will be provided the car at the price of Rs. 9,00,000. Find the value as per Rule 27(a), Determination of value of supply.

Answer:

Open market value of the car is Rs. 11,00,000.

Therefore, M/s X Ltd transaction value should be Rs. 11,00,000 on which GST will be levied.

Q. 21

M/s X Ltd. is supplier of security services provided such services to M/s Y Ltd. As per the contract M/s Y Ltd is to pay monthly Rs. 1,00,000. In the month of November M/s Y Ltd. supplied uniforms to all employees of M/s X Ltd. by spending Rs. 20,000. As a result M/s X Ltd. raised the bill for Rs. 80,000 in the month of November. In the given case M/s X Ltd. received consideration for security service is partially in terms of money Rs. 80,000 and partially in kind (i.e uniforms). Find the taxable value of service on which GST will be levied.

Answer:

GST will be levied on the value of Rs. 1,00,000 (Rs. 80,000 + uniforms equal to monetary value of Rs. 20,000) in the hands of M/s X Ltd._

Q. 22

Guidelines Academy normally charge Rs. 10,000 for teaching the commerce students. A merit student approaches the management of Guidelines Academy and narrates his financial position. Guidelines Academy management considered his financial position agrees to charge only Rs. 5,000 from such student. Find the value of taxable supply of service.

Answer:

Since, Guidelines Academy has not received any consideration from the student in any other form, Rs. 5,000 it self is a sole consideration. GST will be levied on Rs. 5,000.

Q. 23

Guidelines Academy teaching or coaching budding CMA's Tuition fee of Guidelines Academy can be compared with another academy of same kind and nature. It means we should not compare with home tuition of a faculty to 4th Standard students.

Q. 24

Feathure light chairs price compare with identical or similar nature product. It means feather light product compare with Godrej chair products.

Q. 25

Value of product in Chennai will be on higher than the product in Sikkim or Assam. Therefore, the rule provides that the supply of goods or services shall be in similar circumstances. It means that if the supply of goods or services which value is required to be determined has been made in Chennai, supply of goods or services which is considered as base shall be made in Chennai.

Q. 26

Canon heavy duty machines can not be compared with ordinary laser Jet printer. Like wise interior decorator completed interior decoration of a residential house measuring 1000 sq. ft cannot be considered as similar service for doing interior decoration of 1000 sq. ft. of office area.

Q. 27

Raj & Co. furnish the following expenditure incurred by them to find the transaction value for the purpose of paying GST.

Particulars	Rs.
(i) Direct material cost per unit inclusive of IGST at 18%	944
(ii) Direct wages	250
(iii) Other direct expenses	100
(iv) Indirect materials	75

(v) Factory overheads	200
(vi) Administrative overhead (25% relating to production capacity)	100
(vii) Selling and distribution expense	150
(viii) Quality control	25
(ix) Sale of scrap realised	20
(x) Actual profit margin	15%

Find the value for the purpose of payment of GST as per Rule 30 of the CGST Rules, 2017.

Answer

Statement showing value of supply of goods as per Rule 30 of the CGST Rules, 2017:

Particulars	Value in Rs.
Direct material cost (944 x 100/118)	800
Direct wages	250
Other direct expenses	100
Indirect materials	75
Factory overheads	200
Administrative overhead (25% of Rs 100)	25
Quality control	25
Sub-total	1475
Less: Sale of scrap	(20)
Cost of production	1,455
Add: 10% profit margin as per Rule 30 of the CGST Rules, 2017	145.50
Value of taxable supply of goods	1,600.50

Q. 28

M/s X Ltd. owned factory in Chennai (Tamil Nadu) and one depot in Cochin (Kerala). Depot in Cochin is required to obtain separate registration as they are considered as distinct person under Section 25(4) of the CGST Act, 2017. The goods manufactured in Chennai factory will be transferred to Cochin Depot where it will be sold as it is.

Particulars	No. of units	Price at Factory Per unit	Price at Depot Per unit	Rate of IGST Advalorem
(i) Goods transferred from factory to depot on 8th February	1,000	Rs. 200	Rs. 220	18%
(ii) Goods actually sold at depot on 18th February	750	Rs. 220	Rs. 250	12%

Find the value of taxable supply of goods and IGST liability in the hands of M/s X Ltd. of Chennai.

Note: Depot in Cochin is not availing input tax credit.

Answer:

Value of taxable supply of goods = Rs. 1,98,000

(Rs. 220 x 1,000 units) x 90%

IGST = Rs. 35,640 (i.e. Rs. 1,98,000 x 18/100)

Note: It means at the time of transfer of goods from Chennai Factory to Cochin Depot, M/s X Ltd. will have to determine the price at which depot will sell the goods to his customers.

As per 1st proviso to Rule 28 of Chapter IV of the CGST Rules, 2017 provides that such price should be the price for sale of goods to unrelated person.

M/s X Ltd. has option to pay GST on 90% of such value (i.e. 90% of the price at which the goods are being sold from Cochin Depot).

Q. 29

M/s Y Ltd owned factory in Hyderabad (Telangana) and one depot in Vijayawada (Andhra Pradesh). Depot in Vijayawada is required to obtain separate registration as they are considered as distinct person under Section 25(4) of the CGST Act, 2017. The goods manufactured in Hyderabad factory will be transferred to Vijayawada Depot where it will be sold as it is. Depot in Vijayawada is availing Input Tax Credit.

Particulars	No. of units	Price at Factory Per unit	Price at Depot Per unit	Rate of IGST Advalorem
(i) Goods transferred from factory to depot on 8th February	1,000	Rs. 200	Rs. 220	18%
(ii) Goods actually sold at depot on 18th February	750	Rs. 220	Rs. 250	12%

Find the value of taxable supply of goods and IGST liability in the hands of M/s X Ltd. of Chennai.

Answer:

Value of taxable supply of services = Rs. 2,20,000/-
(1000 units x Rs. 220)

IGST = Rs. 39,600 (Rs. 2,20,000 x 18/100)

Note:

- i. As per 2nd proviso to Rule 28 of Chapter IV of the CGST Rules, 2017 provides that where the recipient is eligible for input tax credit, value declared in the invoice shall be deemed to be open market value of goods or services.
- ii. Integrated Tax Department has right to reject the valuation if the value is not full fill the open market value. It should meet the requirement of sole consideration.

Q. 30

A principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of Rs. 5,000 per quintal on the day of the supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of Rs. 4,550 per quintal.

Find the value of taxable supply in the hands of principal as per Rule 29(a) of the CGST Rules, 2017.

Answer:

The value of taxable supply made by the principal shall be Rs. 4,550 or where he exercises the option, the value shall be Rs. 4,500 (i.e. 90% of Rs.5,000) per quintal.

Q. 31

M/s P Ltd. being a principal supplies laptops to his agent and the agent is supplying laptops of like kind and quality in subsequent supplies. M/s P Ltd incorporated in Chennai (Tamil Nadu). Agent is located in Nagercoil (Tamil Nadu). Goods supplied on 15th November by the Principal to his Agent.

Particulars	No. of units	Price at which principal supplies to agent	Price at which agent supplies to his customer not being a related person	Rate of GST Advalorem
(i) Selling price on 15th November	1,000	Rs. Nil	Rs. 22,000	18%

(ii) Goods procured by agent from other independent supplier supplying laptops of like kind and quality at Rs.20,000 per unit on 15th November. Find the value of taxable supply of goods and GST liability in the hands of M/s P Ltd. of Chennai.

Answer:

Value of taxable supply made by principal shall be Rs. 20,000 per laptop or where the principal exercise the option the value shall be Rs. 19,800 per laptop (i.e. 90% of the Rs. 22,000).

It is economical to opt the 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being related person on the day of supply.

Total taxable value of supply = Rs. 198,00,000 (i.e. 19,800 x 1000 units).

GST liability in the hands of M/s P Ltd. of Chennai:

CGST 9% on Rs 198 lakh = Rs. 17,82,000

SGST 9% on Rs 198 lakh = Rs. 17,82,000

Q. 32

Ram & Co., being a car dealer dealing in second hand cars. Ram & Co., purchases used car from Mr. Raja and sell the very same car to Miss. Rani after water wash and painting. The purchase price is Rs. 2,00,000 whereas the sale price is Rs. 2,50,000. Find the GST liability as per rule 32(5) of the CGST Rules, 2017 by following margin scheme in the hands of Ram & Co. Assume applicable rate of GST 28%.

Ram & Co., is not availing input tax credit on purchase of second hand cars.

Whether your answer is different if the sale of second hand car for Rs. 1,80,000.

Note: Ram & Co., and Miss. Rani are located within the State of Tamil Nadu.

Answer:

GST net liability is as follows:

Particulars	Value Rs.	14% CGST Rs.	14% SGST Rs.	Remarks
Output supply	2,50,000			
Less: purchase price	2,00,000			
Difference known as margin	50,000	7,000	7,000	Charge GST on the margin or profit earned on the goods (Rs. 50,000 x 28%)

Yes. Our answer different in case of sale price is Rs. 1,80,000:

Sale price	= Rs. 1,80,000
Less: purchase price	= Rs. (2,00,000)
Margin	= Rs. (20,000)
GST liability	= Rs. Nil

Note: For a dealer who has opted for the margin scheme, there can be a scenario where the second-hand goods are sold at zero margins or for a lesser price than the purchase price. In this case, no GST will be applicable on the supply.

Q. 33

Mr. D being a dealer in goods sells new brand cars at Rs. 11,00,000. He advertises that customers can sell their old car if they buy new car from him. One customer exchanged his old car for Rs. 2,00,000. Mr. D sold new car to that customer for Rs. 9,00,000. The Central Tax Department demanded to pay GST on Rs. 11,00,000 whereas Mr. D argues that he is eligible to pay GST on the difference namely margin of Rs. 9,00,000 as per Rule 32(5) of the CGST Rules, 2017. Discuss and decide the correct approach.

Answer

Rule 32(5) of the CGST Rules, 2017 is applicable only when person is dealing in buying and selling of second hand goods.

In the given case Mr. D is not eligible for margin scheme as referred in rule 32(5). Since, dealer sold new car and therefore, provisions of rule 32(5) will not apply.

Therefore, from the above it is evident that the Central Tax Department view is correct.

Q. 34

M/s X Ltd, a registered person under GST, being a dealer dealing with second-hand goods. M/s X Ltd. supplies a used camera to a consumer in Chennai for selling price of Rs. 15,000. The used camera (i.e. second hand) was purchased for Rs. 10,000 from a registered dealer in Mumbai, on which CGST + SGST of Rs. 1,400 each was charged (i.e. GST rate applicable to cameras is 28%).

M/s X Ltd. charged IGST 28% on inter State supply.

Find the net GST liability in the following independent cases:

- (a) If input tax credit availed. (b) If input tax credit not availed.

Answer:

(i) Net GST liability in case of input tax credit availed:

Particulars	Value Rs.	28% IGST Rs.
Output supply	15,000	4,200
Less: ITC	10,000	
CGST 14%		(1,400)
SGST 14%		(1,400)
Net GST liability		1,400

(ii) Net GST liability in case of input tax credit not availed:

Particulars	Value Rs.	28% IGST Rs.	Remarks
Output supply	15,000		
Less: purchase price	12,800		ITC will form part of cost.
Difference known as margin	2,200	616	Charge GST on the margin or profit earned on the goods (Rs. 2,200 x 28%)

Repossession of goods in case of default by the unregistered borrower:

Q. 35

Mr. C has taken a loan from the bank on 15th July 2017 worth Rs. 2 crore and purchased a machine. Subsequently Mr. C defaulted in paying the loan amount along with interest. At late date bank repossessed the machine from Mr. C on 1st Jan 2018. The banker sells the said goods on 26th April 2018.

Find the value of taxable supply of goods in the hands of banker in the following two independent cases:

Case 1: machine sold for Rs. 1,90,00,000.

Case 2: machine sold for Rs. 1,70,00,000.

Note: Applicable rate of IGST 18%.

Answer:

Determination of purchase value:

Particulars	Value in Rs.	Working note
Purchase value of the banker	2,00,00,000	Purchase value for the lending company will be the purchase price of the defaulter.
Less: 5% per quarter for 2 quarters	(2,00,00,000)	From 1st Jan 2018 to 26th April 2018 = 2 quarters
Purchase value at the time of disposal by the bank	1,80,00,000	

Value of taxable supply in the hands of banking company:

Particulars	Case 1	Case 2	Remarks
Sale price	1,90,00,000	1,70,00,000	
Less: purchase price	(1,80,00,000)	(1,80,00,000)	In case the sale price is below Rs. 1,80,00,000, banker will not be liable to pay GST as value is nil.
Taxable value or Margin	10,00,000	Nil	
IGST 18%	1,80,000	Nil	Rs. 10 lacs x 18%

Q. 36

A voucher has face value of Rs. 5,000. The holder of voucher can purchase goods or services of equivalent value of Rs. 5,000. When the holder of voucher receives the goods or services against the voucher it is termed as redemption of voucher.

Q. 37

X Ltd. being a cloth merchant sold gift voucher to customer for Rs. 2,000 on 10th November to purchase specific cloth from its showroom. Goods actually purchased by customer on 15th November for Rs. 2,400. Find the time of supply and value of supply with regard to gift voucher in the hands of X Ltd.

Answer:

Time of supply is at the time issue of voucher i.e. 10th November. Value of supply = Rs. 2,000 for gift voucher.

Q. 38

Ram & Co., being dealer in electronics and electrical items, issued gift voucher to its customer for Rs. 2,000 on 15th November. Customer can use gift voucher to purchase anything which is available. Customer purchased goods worth Rs. 1,400 on 20th Nov 2019. Applicable CGST and SGST 9% each.

Find the following

- (a) Time of supply
- (b) Value of supply
- (c) GST liability in the hands of Ram & Co.

Answer:

- a) Time of supply is 20th November 2019.
- b) Value of supply is Rs.1,400.
- c) GST liability:
 - CGST is Rs. 126
 - SGST is Rs. 126

Working Note: $Rs. 1,400 \times 9\% = Rs.126$

Q. 39

Mr. & Ms. Kapoor purchase 10 gift vouchers for Rs. 500 each from Crossword, and 5 vouchers from a reputed Spa costing Rs. 1,000 each. The vouchers from a reputed Spa had a special offer for couples, where in services for both persons at the price chargeable to one. Find the value of supply in the hands of Crossword and reputed Spa.

Answer:**Statement showing value of taxable supply:**

Particulars	Crossword Value in Rs.	Reputed Spa value in Rs.	Remarks
Value of taxable supply	5,000	10,000	$10 \text{ gits} \times 500 = \text{Rs. 5,000.}$ (5 vouchers $\times \text{Rs. 1,000}) \times 2 = \text{Rs. 10,000}$

Q. 40

Corporate services firm A is engaged to handle the legal work pertaining to the incorporation of Company B. Other than its service fees, A also recovers from B, registration fee and approval fee for the name of the company paid to the Registrar of Companies (ROC). The fees charged by the Registrar of Companies for the registration and approvals of the name are compulsorily levied on B. A is merely acting as pure agent in the payment of those fees. Therefore, A's recovery of such expenses is a disbursement and not part of the value of supply made by A to B.

Q. 41

Mr. Ram is a registered dealer under GST Law. He sold furniture to a customer for Rs. 51,000 with free delivery. In such case Mr. Ram availing the service of the transporter for his own interest and therefore, transport charges is included in selling price of Rs. 51,000 and he would be not considered as pure agent in this case.

Q. 42

Mr. X is a Customs Broker issues an invoice for reimbursement of a few expenses and for consideration towards agency service rendered to an importer. The amounts charged by the Customs Broker are as below:

S. No.	Component charges in invoice	Amount in Rs.
1	Agency income	10,000
2	Travelling expenses	5,500
3	Hotel expenses	9,500
4	Customs duty	55,000
5	Dock dues	2,500

Find the value of taxable supply of service in the hands of Customs Broker.

Answer**Statement showing taxable value of supply of service:**

S. No.	Particulars	Amount in Rs.	Remarks
1	Agency income	10,000	Addable into the value
2	Travelling expenses	5,500	-do-
3	Hotel expenses	9,500	-do-
4	Customs duty	Not addable	Pure agent reimbursement
5	Dock dues	Not addable	Pure agent reimbursement
	Total	25,000	

Q. 43

Compute the duty payable under the Customs Act, 1962 for imported equipment based on the following information:

- (i) Assessable value of the imported equipment US \$10,100.
- (ii) Date of Bill of Entry 25.10.20XX exchange rate notified by the Central Board of Excise and Customs US \$ 1 = Rs. 65.
- (iii) Date of Entry inwards 01.11.20XX exchange rate notified by the Central Board of Excise and Customs US \$ 1 = Rs. 60.

Find the taxable value of imported goods.

Answer:

Statement showing taxable value of imported goods:

Particulars	Value in Rs.	Remarks
Assessable value of imported goods	6,56,500	10,100 USD x Rs. 65 Exchange rate as on the date of submission of bill of entry is relevant as per section 14 of the Customs Act, 1961.

Q. 44

An assessee was under impression that his product is exempt from GST and hence sold the goods @ Rs.100 per piece without charging GST. Later, it was found that actually, the product was chargeable with IGST 18%. Department claimed that since goods were removed without GST, transaction value should be Rs.100 and GST is payable accordingly. Assessee contended that price of Rs. 100 should be taken as inclusive of GST and actual GST payable should be calculated by back calculations. Determine the correct GST payable per piece.

Answer:

As per rule 35 of the CGST Rules, 2017 transaction value and GST liability is as follows:

The Transaction value should be taken, as cum-tax-price and tax payable should be calculated by making back calculations. Hence, the transaction value is as follows:

The transaction value = Rs. 100 x 100/118 = Rs. 84.75

IGST = Rs. 100 x 18/118 = Rs. 15.25

Total invoice price = Rs.100.00

[CCE v Maruti Udyog Ltd. (2002) 141 ELT 3 (SC)]

Q. 45

A registered person is supplying manufactured food products to another person for Rs.1,000. Transportation charges of Rs.60, packaging charges Rs.100 are required to be paid by the supplier but are actually paid by the recipient. Whether transportation charges and packaging charges would be added in supply value?

Answer: If the supplier is liable to pay any amount in relation to a supply, such amount would be a part of transaction value, even if the same has been paid by the recipient. In this case, the transportation charges of Rs. 60 , packaging charges Rs. 100 shall be added to the value of supply. Hence, value = Rs. 1000 + 60 + 100 = Rs. 1,160.

Q. 46

Bharat Printing conceptualized and designed the advertising campaign for a new product launched by Marker Pvt. Ltd. for a consideration of Rs.5,00,000. Bharat Printing owed Rs.20,000 to one of its vendors in relation to the advertising service provided by it to Marker Pvt. Ltd. Such liability of Bharat Printing was discharged by Marker Pvt. Ltd. Marker Pvt. Ltd. delayed the payment of consideration and thus paid Rs.15,000 as interest.

Determine the value of taxable supply made by Bharat Printing.

Answer:

Computation of value of taxable supply

Particulars	Value in Rs.
Service charges	5,00,000
Payment made by Marker Pvt. Ltd. to vendor of Bharat Printing [Liability of the supplier being discharged by the recipient, is includable in the value in terms of section 15(2) (b)]	20,000

Interest for delay in payment of consideration [Includible in the value in terms of section 15(2)(d)]	15,000
Value of taxable supply	5,35,000

Q. 47

Bright Ltd. (A registered taxable person) provides the following information relating to the services for the month of September, 2018:

Gross receipts from —	
Running a boarding school (including receipts for providing residential dwelling services of Rs. 14,00,000)	30,00,000
Conducting private tuitions	15,50,000
Education services for obtaining a qualification recognised by Law of a foreign country	7,00,000
Conducting modular employable skill course, approved by National Council of vocational training	10,40,000
Fees from prospective employers for campus interview	7,00,000
Renting of furnished flat for temporary stay to different persons	6,40,000

Compute the value of taxable supply and the amount of GST payable. The above receipts are exclusive of GST. The rate of GST is 18%.

Answer:

Computation of value of taxable supply and GST liability:

		(Amount in Rs.)
Running a boarding school (including residential dwelling services)	Note - 1	Nil
Conducting private tuitions	Note - 2	15,50,000
Education services for obtaining a qualification recognized by Law of a foreign country	Note - 3	7,00,000
Conducting modular employable skill course, approved by National Council of Vocational Training (NCVT)	Note - 4	Nil
Fees from prospective employers for campus interview	Note - 5	7,00,000
Value of renting of furnished flat for temporary stay to different persons	Note - 6	6,40,000
Value of taxable supply		35,90,000
GST payable		6,46,200

Working Notes:

1. Running a boarding school is not taxable since education up to higher secondary school is exempt vide entry no. 66 of notification no. 12/2017-CT (Rate) and renting of residential dwelling is exempt vide entry no. 12 of the same notification.
2. Private tuitions are not exempt as they do not lead to grant of a qualification recognised by law.
3. Education as a part of a curriculum for obtaining a qualification recognised by only an Indian Law and not a foreign law is exempt.
4. Modular employable skill course is an approved vocational education course and is exempt vide entry no. 66 of notification no. 12/2017-CT (Rate).
5. Not covered in exemption.
6. Short stay by different persons in furnished flats is not renting of residential dwelling and thus not exempt.

Q. 48

From the following information, determine the value of taxable supply as per provisions of sec. 15 of the CGST Act:

Value of machine (including GST @ 12%)	16,00,000
Invoice value includes the following:	
(1) Taxes (other than CGST/ SGST/ IGST) charged separately by the supplier	15,000
(2) Weighment and loading charges	25,000
(3) Consultancy charges in relation to pre-installation planning	10,000
(4) Testing charges	2,000
(5) Inspection charges	4,500

Other information:	
(i) Subsidy received from Central Government for setting up factory in backward region	51,000
(ii) Subsidy received from third party for timely supply of machine to recipient	50,000
(iii) Trade discount actually allowed shown separately in invoice	24,000

Specify reasons with suitable assumptions where necessary.

Answer:

Computation of value of taxable supply of goods:

	(Amount in Rs.)
Value of machine	16,00,000
(1) Taxes other than CGST/ SGST/ IGST charged separately by the supplier [As per section 15(2)(a) of the CGST Act, 2017, any duty, taxes, cesses, fees and other charges, charged separately by supplier are to be included in the value of taxable supply. Since they are already included, no adjustment is required.]	—
(2) Weighment and loading charges [As per section 15(2) (c) of the CGST Act, any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, no adjustment is required.]	—
(3) Consultancy charges in relation to pre-installation planning [As per section 15(2)(c) of the CGST Act, any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, no adjustment is required.]	—
(4) Testing charges [As per section 15(2)(c) of the CGST Act, any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, no adjustment is required.]	—
(5) Inspection charges [As per section 15(2)(c) of the CGST Act, any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, no adjustment is required.]	—
(i) Subsidy received from Central Government for setting up factory in backward region [As per section 15(2)(e) of the CGST Act, the value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Hence, not includable.]	—
(ii) Subsidy received from third party for timely supply of machine to recipient [As per section 15(2)(e) of the CGST Act, the value of supply shall include subsidies directly linked to the price, hence includable.]	50,000
(iii) Trade discount actually allowed shown separately in invoice [As per section 15(3)(a), the value of the supply shall not include any discount which is given before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply. Hence, the same is deductible in computing the value.]	(-)24,000
Cum-tax value	16,26,000
Less: GST @ 12% 16,26,000 x 12-112]	1,74,214
Value of taxable supply	14,51,786

Q. 49

A Ltd. (a registered taxable person) provides the following information relating to their services for the month of November, 2017:

Particulars	
Gross receipts from:	
Running a Boarding School (including receipts for providing residential dwelling services Rs. 12,00,000)	28,00,000
Conducting private tuition's	18,00,000
Education services for obtaining a qualification recognised by law of a foreign country	8,00,000
Conducting modular employable skill course, approved by National Council of vocational training	5,00,000
Fees from prospective employers for campus interview	6,00,000
Renting of furnished flats for temporary stay to different persons	6,80,000

Compute the value of taxable supply and the amount of GST payable. The above receipts are exclusive of GST. GST rate is 18%.

Answer:

Computation of Value of taxable supply and GST liability —

Particulars		
Running a boarding school [including residential dwelling services]	[WN-1]	Nil
Conducting private tuition	[WN-2]	18,00,000
Education services for obtaining a qualification recognized by law of a foreign country	[WN-3]	8,00,000
Conducting Modular Employable Skill Course, approved by National Council of vocational training	[WN-4]	Nil
Fees from prospective employers for campus interview [Not covered in exemption]		6,00,000
Value of renting of furnished flats for temporary stay to different persons	[WN-5]	6,80,000
Value of taxable supply		38,80,000
GST payable @ 18%		6,98,400

Working Notes:

- (1) Running a boarding school is not taxable since education up to higher secondary school is exempt vide Entry 66 of Notification No. 12/2017-CT (Rate) and renting of residential dwelling is exempt vide Entry 12 of Notification No. 12/2017-CT (Rate)].
- (2) Private tuitions are not exempt as they do not lead to grant of a qualification recognised by law.
- (3) Education as a part of a curriculum for obtaining a qualification recognized by only an Indian law and not a foreign law is exempt.
- (4) Modular Employable Skill Course is an approved vocational education course and is exempt vide Entry 66 of Notification No. 12/2017-CT (Rate).
- (5) Short stay by different persons in furnished flats is not renting of residential dwelling and thus, not exempt.

Q. 50

From the following information determine the value of taxable supply._

Value of machine (including GST @ 12%)	16,00,000
The invoice value includes the following:	
(1) Taxes (other than CGST/SGST/IGST) charged separately by the supplier	17,000
(2) Weighment and loading charges	23,000
(3) Consultancy Charges in relation to pre-installation planning	11,000
(4) Testing Charges	2,500
(5) Inspection Charges	4,300
Other information:	
(i) Subsidy received from Central government for setting up factory in backward region	51,000
(ii) Subsidy received from third party for timely supply of machine to recipient	56,000
(iii) Trade discount actually allowed shown separately in invoice	23,000

Give working notes with suitable assumptions where necessary. [10]

Answer: Computation of Value of taxable supply of goods:

Particulars		
Value of machine		16,00,000
Less:		
(1) Taxes other than CGST/SGST/IGST charged separately by the supplier [WN-1]		—
(2) Weighment and loading charges [WN-2]		—
(3) Consultancy Charges in relation to pre-installation planning [WN-2]		—
(4) Testing Charges [WN-2]		—
(5) Inspection Charges charged before supply [WN-2]		—
(6) Trade discount actually allowed shown separately in invoice [WN-3]	23,000	(23,000)
Add: Subsidy received from third party for timely supply of machine to recipient [WN-4]		56,000
Cum tax value		16,33,000
Less: GST @ 12% 16,33,000 x (12 - 112) [WN-5]		1,74,964
Value of taxable supply		14,58,036

Working Notes: In the given question, for the purpose of determining the value of taxable supply of goods-
(1) Any duty, taxes, cesses, fees and other charges, charged separately by supplier are to be included in value of taxable supply.

(2) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, weighment and loading charges, consultancy charges, testing charges and inspection charges shall also be included in the value of taxable supply.

(3) The value of the supply shall not include any discount which is given before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply. Hence, the same is deductible to arrive at value of taxable supply.

(4) The value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Hence, subsidy received from third party for timely supply of machine to recipient will be included in the value of taxable supply whereas subsidy received from Central government for setting up factory in backward region shall not be included in value of taxable supply.

(5) Value of supply shall not include any taxes or cesses levied under CGST Act, SGST Act, UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier.

Q. 51

LIC of India provides you the following information for the month of Oct 2018. You are required to compute GST payable by the company if the company has opted to pay GST as per Rule 32(4) of CGST Rules, 2017:

General policies: Total premiums collected Rs.12,000 lakhs (Out of which 1st year premium is Rs. 5,000 lakhs)

Only Risk Cover Policies: Premiums collected Rs. 500 lakhs.

Variable Insurance Policies: Premiums collected Rs. 8,000 lakhs. (80% of the amount is allocated for investments on behalf of policy holder for which policy holder is given separate break up in premium receipts).

Answer:

Statement showing GST liability of LIC of India for the month of Oct. 2018 under Rule 32(4) of the CGST Rules, 2017:

Particulars	Value Rs. in lakhs	Working note
General policies		
1st Year premium	1,250	5,000 x 25%
2nd Year Premium	875	7,000 x 12.5%
Only Risk cover policies	500	
Variable insurance policies premium	1,600	(8,000 - 6,400)
Total taxable supply of service	4,225	
CGST 9%	380.25	(4,225 x 9%)
SGST 9%	380.25	(4,225 x 9%)

Q. 52

M/s Anjali Ltd, a registered company under GST, being a dealer dealing with second-hand goods. M/s Anjali Ltd. supplies a used camera to a consumer in Chennai for selling price of Rs. 15,000. The used camera (i.e. second hand) was purchased for Rs. 10,000 from a registered dealer in Mumbai; on which CGST + SGST of Rs. 1,400 each were charged (i.e. GST rate applicable to cameras is 28%).

M/s Anjali Ltd. charged IGST 28% on inter State supply.

Find the net GST liability in the following independent cases:

- (i) If input tax credit availed.
- (ii) If input tax credit not availed.

Answer:

(i) Computation of Net GST liability in case of input tax credit availed:

Particulars	Value in Rs.	28% IGST Rs.
Output supply	15,000	4,200
Less: ITC	10,000	
CGST 14%		(1,400)
SGST 14%		(1,400)
Net GST liability		1,400

(ii) Computation of Net GST liability in case of input tax credit not availed:

Particulars	Value in Rs.	28% IGST (Rs.)	Remarks
Output supply	15,000		
Less: Purchase price	12,800		ITC will form part of cost.
Difference known as margin	2,200	616	Charge GST on the margin or profit earned on the goods (Rs. 2,200 x 28%)

Q. 53

Bharat Gas sells cooking gas cylinders. Subsidy directly transferred to the account of the customer. Selling price per cylinder is Rs.800. Customer received subsidy Rs. 200 directly from Government to his bank account. Net outflow of the buyer is Rs.600. Find the value of supply of goods (per cylinder) in the hands of Bharat Gas?

Answer:

Since, the amount of subsidy is directly credited to the account holder and not received by the Bharat Gas making the supply. Therefore, such subsidy will not be considered as part of transaction value as it is not received by the Bharat Gas making the supply. Hence, transaction value is Rs.800 per cylinder.

Q. 54

Mr. Ranjan , a money changer has exchanged US\$ 10,000 to Indian rupees® Rs.64 per US\$. Mr. Ranjan wants to value supply in accordance with the rule 32(2)(b) of CGST Rules. Determine value of supply made by Mr. Ranjan.

Answer:

As per rule 32(2)(b) of CGST Rules, the value in relation to the supply of foreign currency, including money changing is deemed to be--(a) 1% of the gross amount of the currency exchanged for an amount upto Rs.1,00,000 subject to the minimum amount of Rs.250; (b) Rs.1000 and 0.5 of the gross amount of the currency exchanged for an amount exceeding Rs.1,00,000 and upto Rs. 10,00,000.

Therefore, the value of supply made by Mr. Ranjan , under rule 32(2)(b) of CGST rule as under

Value of currency exchanged in Indian rupees [Rs.64 x US\$10,000]		6,40,000
Upto Rs.1,00,000 (1% x 1,00,000)		1,000
For Rs.5,40,000 (0.50 % x Rs.5,40,000)		2,700
Value of Supply		3,700

Q. 55

M/s Martin Pvt. Ltd. is a distributor or selling agent of lottery tickets, authorized by the State of Kerala. Who is liable to pay GST and also find GST liability from the following?

Particulars	Maha Lakshmi (Printed) (Lottery run by State Govt.)	Bhagya Lakshmi (Online) (Lottery authorized by State Govt.)
No. of tickets proposed	2,50,000	3,00,000
Face value of ticket	Rs.10 each	Rs.500
Guaranteed prize payout	@ 60 %	@ 90 %
No. of tickets sold	2,00,000	2,35,000

Answer:

(i) M/s Martin Pvt. Ltd. is liable to pay GST.

(ii) GST liability of M/s Martin Pvt. Ltd. is as follows:

Particulars	Maha Lakshmi (Printed) (Lottery run by State Govt.)		Bhagya Lakshmi (Online) (Lottery authorized by State Govt.)	
Aggregate face value of lottery ticket sold (2,50,000 x Rs.10) (2,35,000 x Rs.500)	25,00,000		11,75,00,000	
	6% CGST	6% SGST	14% CGST	14% SGST
GST liability	1,50,000	1,50,000	1,64,50,000	1,64,50,000

Note: Assuming lottery ticket is exclusive of GST.

Q. 56

Asha Ltd. Supplies raw material to a job worker kareena Ltd. After completing the Job-work, the finished products of 5,000 packets are returned to Asha Ltd. putting the retail sale price as 20 on each packet. The product in the packet is covered under MRP provisions. Determine the transaction value in the hands of Kareena Ltd. Under GST law from the following details:

Particulars	Value in Rs.
Cost of raw materials supplied	30,000
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to job worker	3,000
Transportation charges for returning the finished packets to Asha Ltd.	4,500
Asha Ltd. Paid certain technology transfer fees to 'Reena Ltd.', so that 'Kareena Ltd.' Can use the said technology in the given job-work operation.	22,500
Note: Kareena Ltd offered a discount 2000, provided full payment is made at the time of raising invoice and the same is mentioned in the invoice. Asha Ltd. Made full payment at the time of issue of invoice.	

Answer:**Statement showing transaction value of Kareena Ltd.**

Particulars	Value in Rs.
Cost of raw materials supplied	Exempted supply
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to job worker	Exempted supply
Transportation charges for returning the finished packets to Asha Ltd.	4,500
Technology fee	22,500
Sub-total	37,000
Less: Discount	(2,000)
Transaction value(i.e. sole consideration)	35,000
Note: it is very clear that principal to job worker and job worker to principal cannot be treated as supply as per section 143 of the CGST Act, 2017.	

Q. 576

On 25th July 2018, Mr. Atul located in Chennai converted USD 100 into INR, actual exchange rate INR 68 per USD through Akbar Travel a money exchanger. RBI's reference rate for buying and selling was Rs. 67/67.50 respectively on such date. Irfan Travel registered under GST and located at Chennai.

(i) Find the Value of supply as per Rule 32(2)(a) of the CGST Rules, 2017 and GST where address of the recipient is available with Supplier?

(ii) How much GST is liable to pay, in case where the RBI reference rate for a currency is not available?

Note: Applicable rate of GST 18%

Answer:

(i) The value of supply = $(68-67) \times 100 = \text{INR } 100$

Thus the value of taxable supply of Akbar Travel will be INR 100 and GST will be levied on this amount. GST = Rs. 18/9% CGST = Rs. 9

9% SGST = Rs. 9

(ii) The value of supply = Rs. 68 (i.e. 1% of INR 6,800)
 GST = Rs. 12.24 9% CGST = Rs. 6.12 9% SGST = Rs. 6.12

Q. 58

M/s Prakash Ltd. being a principal supplies laptops to his agent and the agent is supplying laptops of like kind and quality in subsequent supplies. M/s Prakash Ltd. incorporated in Chennai (Tamil Nadu). Agent is located in Nagercoil (Tamil Nadu).

Goods supplied on 15th November by the Principal to his Agent.

Particulars	No. of units	Price at which principal supplies to agent	Price at which agent supplies to his customer not being a related person	Rate of GST Advalorem
Selling price on 15th November	1,000	Rs. Nil	Rs. 22,000	18%

Goods procured by agent from other independent supplier supplying laptops of like kind and quality at Rs. 20,000 per unit on 15th November.

Find the value of taxable supply of goods and GST liability in the hands of M/s Prakash Ltd. of Chennai.

Answer:

Value of taxable supply made by principal shall be Rs. 20,000 per laptop or where the principal exercise the option the value shall be Rs. 19,800 per laptop (i.e. 90% of the Rs. 22,000).

It is economical to opt the 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being related person on the day of supply.

Total taxable value of supply = Rs. 1,98,00,000 (i.e. 19,800 x 1000 units).

GST liability in the hands of M/s P Ltd. of Chennai:

CGST 9% on Rs. 198 lakh = Rs. 17,82,000

SGST 9% on Rs. 198 lakh = Rs. 17,82,000

Q. 59

What is meant by Pure Agent in GST?

Answer:

Pure Agent means a person who:

- (a) Enters into a contractual agreement with the recipient of supply to act on their behalf and incur expenditure or costs in the course of supply of goods or services or both;
- (b) Neither intends to hold nor holds any title to the goods or services (or both) procured on behalf of or provided to the recipient of supply;
- (c) Does not use the goods or services so procured for his own interest; and
- (d) Receives only the actual amount incurred to procure such goods or services.

Q. 60

An assessee was under impression that his product is exempt from GST and hence sold the goods @ Rs. 100 per piece without charging GST. Later, it was found that actually, the product was chargeable with IGST 18%. Department claimed that since goods were removed without GST, transaction value should be Rs. 100 and GST is payable accordingly. Assessee contended that price of Rs. 100 should be taken as inclusive of GST and actual GST payable should be calculated by back calculations. Determine the correct GST payable per piece.

Answer:

As per rule 35 of the CGST Rules, 2017 transaction value and GST liability is as follows:

The Transaction value should be taken, as cum-tax-price and tax payable should be calculated by making back calculations.

Hence, the transaction value is as follows:

The transaction value = Rs. 100 x 100/118 = Rs. 84.75

IGST = Rs. 100 x 18/118 = Rs. 15.25

Total invoice price = Rs. 100.00

Q. 61

Best Cars Ltd. sells a car worth Rs. 5,00,000 to Sundar Automobiles. Best Cars Ltd. incurred packing charges of Rs. 6,000 on the car. Best Cars Ltd. provided a discount of 1% on the car price, as part of Diwali scheme.

Best Cars Ltd agreed to provide a further discount of 0.5% if Sundar Automobiles makes payment by 31st of the month via net banking. Sundar Automobiles makes the payment by 31st of the month using net banking. Find the net GST liability in the hands of Best Cars Ltd. Applicable rate of GST is 18%.

Answer:

Particulars	Value in Rs.
Value of the product	5,00,000
Add: packing charges	6,000
Sub-total	5,06,000
Less: Discount 1% on Rs. 5 lakhs	(5,000)
Transaction value	5,01,000
Add: CGST 9%	45,090
Add: SGST 9%	45,090
Invoice price	5,91,180

Note: Since, the discount was known at the time of supply, and can be linked to this specific invoice, the discount amount can be reduced from the transaction value. For this, Best Cars Ltd will issue a credit note to Sundar Automobiles for Rs. 2,950 (0.5% of Rs. 5,00,000 = Rs. 2,500 + GST@ 18% on Rs. 2,500 = Rs. 450), and the same must be linked to the relevant tax invoice. Discount given after supply but agreed upon before or at the time of supply and can be specifically linked to relevant invoices, can be deducted from the transaction value.

Q. 62

M/s X Ltd. is engaged in doing job work for M/s Y Ltd. M/s Y Ltd. supplies raw material for Rs. 2,00,000 and packing material for Rs. 22,500 to M/s X Ltd. for completion of job work. M/s X Ltd. has agreed to supply job-work services for the purpose of performing the activities as specified by M/s Y Ltd. Job worker labour charges Rs. 1,00,000, profit of Rs. 70,000 and material consumed for Rs. 3,500. Find transaction value (i.e. sole consideration) to levy GST in the hands of M/s X Ltd.

Answer:

Particulars	Value in Rs.
Service charges	1,00,000
Add: Material consumed	3,500
Add: Job worker profit	70,000
Transaction value (i.e. taxable value of supply of service in the hands of M/s X Ltd.)	1,73,500

Note: Although, it includes materials worth Rs. 3,500, still the entire supply including value of material would be treated as services.

Q. 63

Arihant Life Insurance Company Ltd. (ALICL) has started its operations in the year 2017-18 (w.e.f. 1-7-2017). During the year 2017-18, Arihant Life Insurance Company Ltd. (ALICL) has charged gross premium of Rs. 180 lakhs from policy holders with respect to life insurance policies; out of which Rs. 100 lakhs have been allocated for investment on behalf of the policy holders.

Compute the GST liability of ALICL for the year 2017-18 under rule 32(4) of the CGST Rules, 2017

- (i) If the amount allocated for investment has been intimated by ALICL to policy holders at the time of providing service.
- (ii) If the amount allocated for investment has not been intimated by ALICL to policy holders at the time of providing of service.
- (iii) If the gross premium charged by ALICL from policy holders is only towards risk cover.

Applicable rate of GST is 18%.

Answer:

- (i) GST liability of ALICL for the year 2017-18 will be computed as under: = Rs. 14.40 lakhs (Rs. (180-100) lakhs x 18%)
- (ii) 25% of the 1st year premium is value of taxable supply. Thus, GST liability of ALICL for the year 2017-18, being first year of its operations, will be computed as under:

- Value of taxable supply = Rs. 180 lakhs x 25% = Rs. 45 lakhs
 GST liability = Rs. 8.10 lakhs (i.e. Rs. 45 lakhs x 18%)
 (iii) GST liability of ALICL for the year 2017-18 will be computed as under: = Rs. 32.40 lakhs (Rs. 180 lakhs x 18%).

Q. 64

Determine the value of supply in the following cases:

M/s. Prithvi Starch Products, Mumbai supplied 100 tonnes of Maize Starch to its agent M/s. Ramco Agency, Ahmedabad on 10th October, 2019. In the delivery challan, the taxable value of the product was mentioned as Rs. 2,300 per tonne. On the same day M/s. Ramco Agency supplied 60 kgs of Maize Starch of same kind and quality of M/s. Prithvi Starch Products at a price of Rs. 2,900 per tonne. Further, on the same day M/s Ramco Agency has purchased on his own account 125 tonnes of Maize Starch from another independent supplier which is of the same kind and quality of M/s. Prithvi Starch Products and the value was shown as Rs. 2,700 in the Tax Invoice issued by the said independent supplier. What is the value of taxable supply in the hands of M/s. Prithvi Starch products as per Rule 29(a) of CGST Rules, 2017?

Answer:

The value of taxable supply made by M/s. Prithvi Starch Products shall be Rs. 2,70,000 (Rs. 2,700 per tonne x 100 tonnes) or where they exercise the option as given in rule 29(a), the value shall be Rs. 2,61,000 (Rs. 2,610 i.e., 90% of Rs. 2,900 per tonne x 100 tonnes).

Q. 65

R, a trader dealing in Solar Cooker charged Rs. 40,000 for supply of cooker to G. He has received following subsidies:

A. Subsidy directly linked to the supply and received from a Charitable Trust engaged in promotion of solar cookers.	Rs. 16,000
B. Subsidy from the Central Government as it also wants to promote solar products in the country.	Rs. 24,000

Determine the value of supply of solar cooker.

Answer:

Value of supply shall be determined as under:

Particulars	Amount (Rs.)
Amount charged by the trader for supplying the solar cooker	40,000
Add: (a) Subsidy received from Charitable Trust	16,000
(b) Subsidy received from Government of India (Not to be included in terms of section 15(2)(e)	---
Value of supply/Transaction Value subject to GST	56,000

Q. 66

Kirti Coolers, a wholesaler of refrigerators items, registered in Pune, Maharashtra, received order for supply of refrigerators worth Rs. 3,00,000 on 12th December, 2018 from a registered dealer in Surat, Gujarat. The tax invoice was issued on 14/12/2018.

Kirti Coolers charged the following additional expenses from the buyer:-

	Particulars	Amount (Rs.)
(i)	Packing charges	15,000
(ii)	Freight & Cartage	12,000
(iii)	Transit insurance for transportation	11,500
(iv)	Extra designing charges	16,000
(v)	Taxes by Municipal Authority	1,500

The goods were delivered to the buyer on 15th December, 2018. The buyer paid the amount on 21/12/2018 and simultaneously placed another order with Kirti Coolers of refrigerator items amounting to Rs. 8,00,000 to be delivered in the next month.

On receipt of second order, Kirti Coolers allowed a discount of Rs. 30,000 on the first order placed by the buyer.

Compute the GST liability of Kirti Coolers for the month of December, 2018 assuming the rates of GST on the goods supplied to be as under:

CGST 9% SGST 9% IGST 18%

Brief note on treatment of each item is required.

Answer:

Computation of value of taxable supply and tax liability

Sl. No.	Particulars	Amount (Rs.)
	Price of the goods [Note - 1]	3,00,000
(i)	Packing charges [Note - 2]	15,000
(ii)	Freight & Cartage [Note - 3]	12,000
(iii)	Transit Insurance [Note - 3]	11,500
(iv)	Extra Designing charges [Note - 4]	16,000
(v)	Taxes by Municipal Authority [Note -]	1,500
	Value of taxable supply	3,56,000
	IGST @ 18%	64,080

Notes:

- As per section 15(1) of the CGST Act, 2017, the value of a supply is the transaction value i.e., the price actually paid or payable for the said supply.
 - All incidental expenses including packing charged by the supplier to the recipient are includable in the value of supply in terms of section 15(2) of the CGST Act, 2017.
 - The given supply is a composite supply involving supply of goods (given items) and services (transit insurance and freight) where the principal supply is the supply of goods.
- As per section 8(a) of the CGST Act, 2017, a composite supply is treated as a supply of the principal supply involved therein and charged to tax accordingly.
- Any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services; is includable in the value of supply vide section 15(2) of the CGST Act, 2017. Thus, extra designing charges are to be included in the value of supply.
 - The taxes by Municipal Authorities are includable in the value of supply in terms of section 15(2) of the CGST Act, 2017.
 - In the given case, the buyer is allowed a discount of Rs. 30,000 on the goods supplied to him in the month of December 2018. Since the said goods have already been delivered by Kirti Coolers this discount will be a post-supply discount.
 - Further, value of supply shall not include any discount which is given after the supply has been effected, if:
 - Such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
 - Input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply [Section 15(3) of the CGST Act, 2017].

Q. 67

RG Pvt. Ltd. provides the following particulars relating to goods sold by it to GK Pvt. Ltd.:

Particulars	Amount in (Rs.)
List price of the goods (exclusive of taxes and discounts)	10,00,000
Tax levied by Municipal Authority in the sale of such goods	1,00,000
CGST and SGST chargeable on the goods	2,00,880
Packing charges (not included in price above)	20,000

RG Pvt. Ltd. received Rs. 40,000 as a subsidy from a NGO on sale of such goods. The price of Rs. 10,00,000 of the goods is after considering such subsidy. RG Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of the taxable supply made by RG Pvt. Ltd.

Answer:

Particulars	Amount in Rs.
List price of the goods (exclusive of taxes and discounts)	10,00,000
Add:	
(i) Tax levied by Municipal Authority on the sale of such goods [Includable in the value as per section 15(2)(a)]	1,00,000
(ii) CGST and SGST chargeable on the goods [Not includable in the value as per section 15(2)(a)]	-

(iii) Packing charges [Includible in the value as per section 15(2)(c)]	20,000
(iv) Subsidy received from a non - Government body [Since subsidy is received from a non - Government body, the same is included in the value in terms of section 15(2) (e)]	40,000
Total	11,60,000
Less: Discount @ 2% on Rs. 10,00,000	20,000
Value of taxable supply	11,40,000

PLACE OF SUPPLY

INTRODUCTION

Place of supply of goods under GST defines whether the transaction will be counted as intra-state or inter-state, and accordingly levy of SGST, CGST & IGST will be determined.

While determining the levy of taxes based on Place of Supply, two things are considered namely:

- 1. Location of Supplier:** It is the registered place of business of the supplier.
- 2. Place of Supply:** It is the registered place of business of the recipient

PLACE OF SUPPLY IN CASE OF GOODS

NATURE OF SUPPLY	PLACE OF SUPPLY
Supply involves MOVEMENT OF GOODS	Location of the goods UPON TERMINATION OF DELIVERY

- Q 1.** Mr. A of Nasik, Maharashtra sells 10 refrigerators to Mr. B of Pune, Maharashtra for delivery at Mr. B's place of business in Pune. Find Place of Supply.
- Q 2.** Mr. A of Nasik, Maharashtra sells 20 refrigerators to Mr. C of Ahmedabad, Gujarat for delivery at Mr. C's place of business in Ahmedabad. Find Place of Supply.

Goods are delivered by the supplier to a recipient or any other person ON THE DIRECTION OF A THIRD PERSON , whether acting as an agent or otherwise, before or during movement of goods by way of transfer of documents of title to the goods or otherwise.	Location of such third person.
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- Q 3.** Mr. X (a supplier registered in Uttar Pradesh having principal place of business at Noida) asks Mr. Y of Ahmedabad, Gujarat to deliver 50 washing machines to his buyer Mr. Z at Jaipur, Rajasthan. Find Place of Supply.
- Q 4.** From the following information, determine place of supply of goods as per section 10 (1)(b) of IGST Act, 2017, where goods are delivered by supplier to a recipient on direction of a third person during course of movement of goods. Also determine nature of supply: whether inter-state supply or intra-state supply? The information is as follow:

Supplier and his location	Location of a buyer (third person)	Recipient and his location	Place of delivery of the goods
Amar Ltd. Jaipur	Z Ltd. Jaipur	X Ltd. Mumbai	Mumbai
Amar Ltd. Jaipur	X Ltd. Mumbai	Z Ltd. Jaipur	Jaipur
Amar Ltd. Jaipur	S Ltd. Surat	X Ltd. Mumbai	Mumbai
Amar Ltd. Jaipur	X Ltd. Mumbai	P Ltd. Mumbai	Mumbai

Where the supply DOES NOT INVOLVE MOVEMENT of goods, whether by the supplier or the recipient.	Location of goods at the time of the delivery
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Q 5. Mr. A (New Delhi) has leased his machine (cost ` 8,00,000) to Mr. B (Noida, Uttar Pradesh) for production of goods on a monthly rent of ` 40,000. After 14 months Mr. B requested Mr. A to sell the machine to him for ` 4,00,000, which is agreed to by Mr. A. In this case, there will be no movement of goods and the same will be sold on as is where is basis. Find Place of Supply.

Q 6. XZ Ltd. (Mumbai, Maharashtra) opens a new branch office at Gurugram, Haryana. It purchases a building for office from KTS Builders (Gurugram). It also enters into a separate contract with KTS Builders for purchase of pre-installed office furniture and fixtures in the building. Though there will be no GST liability on purchase of building, office furniture and fixtures will be liable to GST. Find Place of Supply.

Q 7. A and B both located in Kerala. B comes to shop of A. A delivered goods to B. What is the place of supply of goods. Which levy will attract? SM

Q 8. M/s Karina Ltd. incorporated in Mumbai and own a godown in Chennai. Mr. M of Mumbai approached M/s Karina Ltd. of Mumbai for purchase of goods lying in godown at Chennai. Mr M further informs that he does not want delivery of goods in Mumbai. M/s Karina Ltd. issues invoice for sale of goods in Mumbai. Find the place of supply of goods and levy of tax? SM

Q 9. M/sX Ltd. Has place of business in Chennai, being an NBFC given an asset under financial lease to M/s ABC Ltd. of Chennai. The said asset so far used by M/s ABC Ltd. in their factory located at Hyderabad. At the end of lease period the said asset acquired by M/s ABC Ltd. at a nominal amount. Find the place of supply of goods and levy of GST. SM

Where the goods are assembled or installed at site.	Place of such installation or assembly
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Q 10. Mr. A (New Delhi) purchases a machine from Mr. B (New Delhi) for being installed in his factory at Noida, Uttar Pradesh. Find Place of Supply.

Q 11. Pure Refineries (Mumbai, Maharashtra) gives a contract to PQ Ltd. (Ranchi, Jharkhand) to assemble a power plant in its Kutch, Gujarat refinery. Find the Place of Supply.

Q 12. Mr. D located in New Delhi, place order on Mr. Delhi of New Delhi for installation of Air-condition machine in his factory located in Chennai. Mr. D procures the Indoor and out-door units, set of plugs, electrical cables, distribution boards and other items from different States in India and arranges for delivery in Chennai. The said machine assembled by Mr. Dehli in Chennai. Find the Place of supply of goods and levy tax? SM

Where the goods are supplied on board a conveyance including a vessel, an aircraft, a train or a motor vehicle.	Location at which such goods are taken on board.
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Q 13. Mr. X (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey. Find Place of Supply.

Q 14. Chennai express train going from Chennai to Cochin, M/s X Ltd. located in Cochin has supplied the food which are given to passengers during night time. The food packets are loaded at Chennai Central Station, Chennai. Find the place of supply of goods and levy of GST. SM

Q 15. Mr.C of Chennai supplied goods to M/s Spice Jet Airlines of Chennai flying between Delhi-Mumbai. The goods are loaded in the aircraft in Delhi. Find the place of supply of goods and levy of tax. SM

Import into India	Location of the importer
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Q 16. Ms. M imports electric kettles from China for her Kitchen Store in Noida, Uttar Pradesh. Ms. M is registered in Uttar Pradesh. Find Place of Supply.

Export from India	Location of outside India
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Q 17. Ms. Reshma (New Delhi) exports spices from New Delhi to London, UK. What is Place of Supply?

PLACE OF SUPPLY IN CASE OF SERVICES

NATURE OF SUPPLY	PLACE OF SUPPLY
SEVICE RELATED TO IMMOVABLE PROPERTY (Architects, Interior Decorator, Surveyor, Engineer, Real Estate Agent, Real Estate Expert, Any service provided by way of grant of rights to use immovable property, Construction Co-ordination, Allied Services)	If Immovable Property is situated in India Location of immovable property. If Immovable Property is situated outside India: Location of receiver. If the immovable property or boat or vessel is located in more than one State or Union Territory, the supply of service shall be treated proportionately.

SERVICES BY WAY OF LODGING ACCOMMODATION (Hotel, Inn, Guest House, Home Stay, Club, Campsite, Houseboat etc. including Allied Services)	If Place of Accommodation is situated in India Location of Accommodation. If Place of Accommodation is situated outside India: Location of receiver. If the immovable property or boat or vessel is located in more than one State or Union Territory, the supply of service shall be treated proportionately.
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<p>SERVICES BY WAY OF ACCOMMODATION IN ANY IMMOVABLE PROPERTY FOR ORGANIZING EVENT (Marriage, Reception, Official, Social, Cultural, Religious, Business Function including allied services)</p>	<p>If Immovable Property is situated in India Location of immovable property.</p> <p>If Immovable Property is situated outside India: Location of receiver.</p> <p>If the immovable property or boat or vessel is located in more than one State or Union Territory, the supply of service shall be treated proportionately.</p>
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Q 18. KTS Builders (Mumbai) is constructing a factory building for PLM Pvt. Ltd. (Kolkata), in New Delhi. Find the place of supply.

Q 19. Shah and Shah, an architectural firm at Kolkata, has been hired by MKF Builders of Mumbai to draw up a plan for a high rise building to be constructed by them in Ahmedabad, Gujarat. Find the place of supply.

Q 20. Mr. Ramesh, a Chartered Accountant, (New Delhi) travels to Mumbai for business and stays in a hotel there. Find the place of supply.

Q 21. Mr. X, a consulting engineer based in Mumbai, Maharashtra renders professional services in respect of an immovable property of Mr. Y (Bangalore) located in Australia. Find the place of supply.

Q 22. A hotel chain X charges a consolidated sum of ` 30,000/- for stay in its two establishments in Delhi and Agra, where the stay in Delhi is for 2 nights and the stay in Agra is for 1 night. Find the place of supply.

Q 23. There is a piece of land of area 20,000 square feet which is partly in State S1 say 12,000 square feet and partly in State S2, say 8000 square feet. Site preparation work has been entrusted to T. Find the place of supply.

Q 24. A company C provides the service of 24 hours accommodation in a houseboat, which is situated both in Kerala and Karnataka in as much as the guests board the house boat in Kerala and stay there for 22 hours but it also moves into Karnataka for 2 hours (as declared by the service provider). Find the place of supply.

Q 25. Mr. X located in Chennai engaged the services of Mr. Y an Architect in Chennai. Mr. X requests him to make design of residential complex to be constructed in Cochin, Kerala. Mr. Y provided drawing and design services in relation to immovable property located at Cochin. Find the place of supply of service and levy of tax. SM

Q 26. Mr. Rohit registered person in Jaipur. He went to Kolkata and stays in Taj hotel at Kolkata. He also availed beauty treatment services at hotel. Find the place of supply of service and tax liability in the hands of Taj hotel. SM

RESTAURANT CATERING SERVICES PERSONAL GROOMING FITNESS SERVICES BEAUTY TREATMENT SERVICES HEALTH SERVICES INCLUDING COSMETIC AND PLASTIC SURGERY	LOCATION WHERE THE SERVICES ARE ACTUALLY PERFORMED
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Q 27. Mr. A, a business man from Pune dines in a restaurant at Mumbai while on a business trip. Find the place of supply.

Q 28. Mr. Timmy Ferreira, a makeup artist at Kolkata, goes to Jaipur, Rajasthan for doing the makeup of Ms. Simran Kapoor, a Bollywood actress based in Mumbai. Find the place of supply.

Q 29. Mr. Navab, a person staying at Dubai, trained for the purpose of grooming of horses in Chennai. Find the place of supply of service. SM.

Q 30. M/s Cut Ltd., provider of hair cutting saloon services, located in Mumbai. Mr. Pritam came from Jharkhand to Mumbai after appointment for haircut. The services are provided in Mumbai. Find the place of supply of service and tax liability in the hands of M/s Cut Ltd. SM.

SERVICES IN RELATION TO TRAINING AND PERFORMANCE APPRAISAL	PROVIDED TO A REGISTERED PERSON: • LOCATION OF RECIPIENT OF SERVICE PROVIDED TO A UN-REGISTERED PERSON: • LOCATION WHERE THE SERVICES ARE ACTUALLY PERFORMED.
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Q 31. DEO Consultants (Kolkata) impart GST training to accounts and finance personnel of Sun Cements Ltd. (Registered at Guwahati, Assam) at the company's Kolkata office. Find the place of supply.

Q 32. Mr. Suresh (unregistered person based in Noida) signs up with Excellent Linguistics (New Delhi) for training on English speaking at their New Delhi Centre. Find the place of supply.

Q 33. Mr. A located at Kolkata provides training at Kolkata to employees of M/s Infosys Ltd., which is registered at Mumbai. Find the place of supply of service and GST liability in the following two cases:

Case 1: Infosys is registered person under GST

Case 2: Infosys is not registered person under GST

SM

Q 34. Guideline Academy registered person provides commercial training and coaching services to budding CMA's at Chennai. Many students (who are unregistered persons) from Telangana, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala came and stay in

Chennai for the purpose of undergoing training in the Guideline Academy. Find the Place of supply of service. SM

Q 35. X Ltd. being a registered person located in Hyderabad hires Mr. Y who is located in Chennai for appraisal performance of senior employees of their company. Mr. Y visits Hyderabad to evaluate the performance of the senior employees.

(a) Find the Place of supply of service.

(b) What would be the place of supply of service if some of the selected employees and relevant papers are sent to Chennai for evaluation where X Ltd. is un-registered person. SM

Q 36. Mr. Remo (located in Mumbai) a well-known Choreographer, being a judge appraise the performance of the participants in Dance + auditions. He gone to Bengaluru for appraise the performance of dance show competition of various participants. Find the place of supply of service. SM.

SERVICES PROVIDED BY WAY OF ADMISSION TO A CULTURAL ARTISTIC SPORTING SCIENTIFIC, EDUCATIONAL, ENTERTAINMENT EVENT, AMUSEMENT PARK OR ANY SUCH PLACE INCLUDING ALLIED SERVICES.	WHERE THE EVENT IS ACTUALLY HELD OR WHERE THE PARK OR SUCH OTHER PLACE IS LOCATED.
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Q 37. Mr. A, a resident of Ghaziabad, Uttar Pradesh, buys a ticket for a circus organized at Gurugram, Haryana by a circus company based in New Delhi. Find the place of supply.

Q 38. Mr. B of New Delhi buys a ticket for an amusement park located in Noida, Uttar Pradesh. Find the place of supply.

Q 39. Board of Control for Cricket in India (BCCI) located at Mumbai, sold tickets on-line for IPL match, is going to conduct at Chepauk Stadium, Chennai. However, finally match conduct at Mumbai. Find the place of supply of service of admission to sporting event? SM

SERVICES PROVIDED BY WAY OF ORGANIZATION OF A CULTURAL ARTISTIC SPORTING SCIENTIFIC, EDUCATIONAL, ENTERTAINMENT EVENT INCLUDING SUPPLY OF SERVICES IN RELATION TO A CONFERENCE, FAIR, EXHIBITION, CELEBRATION OR SIMILAR EVENTS INCLUDING ALLIED SERVICES	<p>PROVIDED TO A REGISTERED PERSON:</p> <ul style="list-style-type: none"> • Location of recipient of Service <p>PROVIDED TO AN UN-REGISTERED PERSON:</p> <ul style="list-style-type: none"> • Location where the event is actually held and • If the event is held outside India, the place of supply shall be the location of the recipient. <p>Where the event is held in more than one State or Union Territory and a consolidated amount is charged for supply of services relating to such event, the place of supply of services shall be taken proportionately.</p>
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Q 40. Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mumbai. Find the place of supply.

Q 41. Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mauritius. Find the place of supply.

Q 42. Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organise his wedding at New Delhi. Find the place of supply.

Q 43. Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organise his wedding at Seychelles. Find the place of supply.

Q 44. Mr. X, an event organiser, located in Chennai received an order from M/s Taxman publications, Mumbai to conduct a book fair at Chennai. Find the Place of supply of service and GST in the following two cases:

Case 1: Taxman publications is a registered person.

Case 2: Taxman publications is a un-registered person. SM.

Q 45. Mr. Kapil Sharma, a Jalandhar based comedian hosted a comedy show at Singapore on birth day occasion of Mumbai based actor's son. Find the place of supply. SM.

Q 46. Mr. D of Delhi being an event organizer, hosted an exhibition at Mumbai to exhibit the products of exhibitor namely, Chennai Silks, Chennai, is a registered person. Find the place of supply. SM.

Q 47. Mr. C of Chennai being an event organizer hosted an exhibition at Dhaka to exhibit the products of exhibitor (namely Chennai Silks) located Chennai. Find the place of supply. SM.

Q 48. M/s Kalyan Pvt. Ltd. is an event management company is located in Chennai. Mr. Raj located in Jaipur hires the services of M/s Kalyan Pvt. Ltd., for organizing marriage function of his son in Taj Coromandel, Chennai. Mr. Raj is not a registered person. Find the place of supply of service and GST liability? SM.

Q 49. The Royce Group being an event organizer located at New Delhi organized Miss India 2017 beauty pageant in India in the following Cities for M/s ASK Miss India, who is a registered person located in Mumbai:

City	No. of Days	Fee in `
New Delhi	12	12 crores
Chennai	18	18 crores
Mumbai	20	20 crores
Total	50	50 crores

Find the place of supply of service if contract specifies clear details.

Find the place of supply of service if contract specifies lump sum amount of 48 crores. SM
MTP DEC 19 SET 1 CMA INTER DEC 18 MARKS 6

SERVICES BY WAY OF TRANSPORTATION OF GOODS INCLUDING BY MAIL OR COURIER	PROVIDED TO A REGISTERED PERSON: • Location of recipient of Service. PROVIDED TO A UN-REGISTERED PERSON: • Location at which such goods are handed over for their transportation.
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Q 50. M/s XYZ Pvt. Ltd. is a registered company in New Delhi. It sends its courier to Pune through M/s Brue Air Courier Service. Find the place of supply.

Q 51. Mr. Y, an unregistered person, of New Delhi sends a courier to his brother in Amritsar, Punjab. Find the place of supply.

Q 52. PR Pvt. Ltd., a Goods Transportation Agency based in Kanpur, Uttar Pradesh, is hired by Hajela Enterprises (registered supplier in Kanpur) to transport its consignment of goods to a buyer in New Delhi. Find the place of supply.

Q 53. ST Pvt. Ltd., a Goods Transportation Agency based in Noida, Uttar Pradesh, is hired by Chhaya Trade Links (registered supplier in New Delhi) to transport its consignment of goods to a buyer in Kanpur, Uttar Pradesh. Find the place of supply.

Q 54. Mr. Srikant, a manager in a Bank, is transferred from Bareilly, Uttar Pradesh to Bhopal, Madhya Pradesh. Mr. Srikant's family is stationed in Kanpur, Uttar Pradesh. He hires Goel Carriers of Lucknow, Uttar Pradesh (registered in Uttar Pradesh), to transport his household goods from Kanpur to Bhopal. Find the place of supply.

Q 55. M/s JKL Pvt. Ltd. is a registered company in Chennai. It ships goods to its customer in London, United Kingdom through M/s Strong Logistics, a shipping company. Find the place of supply.

Q 56. M/s Navathaa transporter registered under GST, located in Vijayawada. M/s C Ltd. of Chennai registered under GST, received services from M/s Navatha, for transport of goods from its warehouse in Vijayawada to Guntur. M/s Navatha, delivered goods at Guntur. Find the place of supply of service and GST. Whether your answer will be different, if M/s C Ltd. of Chennai is not a registered person under GST? SM.

Q 57. M/s DHL Courier is registered under GST and located in Mumbai, provided transportation of documents like Cheques, promissory notes, pay orders (which cannot be considered as goods) belonging to Mr. C of Chennai, from Mumbai to Chennai. Find the place of supply of services in the following independent cases:

- Mr. C of Chennai is a registered person under GST.
- Mr. C of Chennai is a un-registered person under GST, however his address is available in the books of M/s DHL Courier.
- Mr. C of Chennai is a un-registered person under GST, however his address is not available in the books of M/s DHL Courier. SM.

PASSENGER TRANSPORTATION SERVICE. Including: Rail, Mono Rail, Metro Rail, Road, Air, Vessel, boat, Cycle rickshaw, Bullock cart, Camel etc	PROVIDED TO A REGISTERED PERSON: • Location of recipient of Service. PROVIDED TO A UN-REGISTERED PERSON: • Place where the passenger embarks on the continuous journey.
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Q 58. Mr. Amar (registered person in New Delhi) travels from Mumbai to Bangalore in Airjet flight. Mr. Amar has bought the tickets for the journey from Airjet's office registered in New Delhi. Find the place of supply.

Q 59. Mr. C (unregistered person in Chennai) has come to Delhi on a vacation. He buys pre-paid Delhi Metro Card from Delhi Metro (New Delhi) for hassle free commute in the National Capital Region. Find the place of supply.

Q 60. Mr. Shyam, an unregistered person, based in Gurugram, Haryana books a two-way air journey ticket from New Delhi to Mumbai on 5th December. He leaves New Delhi on 10th December in a late-night flight and lands in Mumbai the next day. He leaves Mumbai on 14th December in a morning flight and lands in New Delhi the same day. The return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time. Find the place of supply.

Q 61. Mr. Ram working in Ramsay Company having office in Bengaluru is registered under GST. Mr. Rampur chased the ticket from Hyderabad for transportation of passenger by Air from Hyderabad to Chennai. Mr. Ram discloses the name of the organization and its registration number and the place where the organization is registered. Supplier of service is located at Hyderabad. Find the following (a) Place of supply of service and GST liability. (b) Whether your answer will be different if Mr. Ram is not disclosed the name of the organization and its registration number? SM.

Q 62. Agni Air registered under GST and located in Mumbai operates flight from Delhi-Dubai-London-Dubai-Delhi. Mr.TYN who is unregistered person, purchase air ticket for Delhi-London. Two tickets are issued to him showing Delhi Dubai with a halt at Dubai for 5 hours and Dubai-London. Find the Place of supply of service and GST liability. SM.

Q 63. Jet Airways registered under GST and located in Mumbai operates flight from Mumbai-Delhi-Mumbai. Mr.TYN who is unregistered person, purchase air ticket for Mumbai-Delhi-Mumbai. Only one ticket is issued to him showing both the route. Find the place of supply of service and GST liability. SM.

Q 64. Miss Shalvee, partner of M/s. Finex , a firm registered in Delhi, went to Mumbai for audit purpose. He purchased from Jaipur Airlines (registered in Rajasthan) air ticket from Jaipur to Mumbai disclosing name of organization and its GST Registration number. Determine place of supply of service .What would your answer if Miss Shalvee does not disclose particulars of organization? MTP DEC 19 SET 2

RIGHT TO PASSAGE IS GIVEN FOR FUTURE USE AND POINT OF EMBARKATION IS NOT KNOWN AT THE TIME OF ISSUE OF SUCH RIGHT	PROVIDED TO A REGISTERED PERSON: • Location of recipient of Service. PROVIDED TO A UN-REGISTERED PERSON: • Location of recipient when address on record is available. • Location of supplier in other cases
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Q 65. An airline may issue seasonal tickets, containing say 10 leafs which could be used for travel between any two locations in the country. Find the place of supply.

Q 66. The card issued by New Delhi metro could be used by a person located in Noida, or New Delhi or Faridabad, without the New Delhi metro being able to distinguish the location or journeys at the time of receipt of payment. Find the place of supply.

Service on board a conveyance SUCH AS VESSEL, AIRCRAFT, TRAIN, MOTOR VEHICLE.	LOCATION OF THE FIRST SCHEDULED POINT OF DEPARTURE OF THAT CONVEYANCE FOR THE JOURNEY.
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Q 67. Mr. X is travelling from Delhi to Mumbai in an Airjet flight. He desires to watch an English movie during the journey by making the necessary payment. Find the place of supply.

Q 68. A movie on demand is provided as onboard entertainment during the Delhi-Chennai leg of a Dubai-Delhi-Chennai flight. Find the place of supply of service.

TELECOMMUNICATION SERVICES INCLUDING DATA TRANSFER, BROADCASTING, CABLE AND DIRECT TO HOME TELEVISION SERVICES	FIXED LINE Location where the line is installed POST PAID Billing Address PRE PAID Location where the prepaid voucher is sold PREPAID SOLD THROUGH INTERNET Billing Address Where the address of the recipient as per the records of the supplier of services is not available, the place of supply shall be location of the supplier of service.
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Q 69. Mr. X (Kolkata) gets a landline phone installed at his home from Skybel Ltd. Find the place of supply.

Q 70. Mr. Y (Mumbai) gets a DTH installed at his home from RT Ltd. Find the place of supply.

Q 71. Mr. D (Mumbai) takes a post-paid mobile connection in Mumbai from Skybel Ltd. Find the place of supply.

Q 72. Mr. E (New Delhi) gets his post-paid bill paid online from Goa. Find the place of supply.

Q 73. Mr. C (Pune) purchases a pre-paid card from a selling agent in Mumbai. Find the place of supply.

Q 74. Mr. F (Puducherry) gets a pre-paid recharged from a grocery shop in Chennai. Find the place of supply.

Q 75. A company T installs a leased circuit between the Delhi and Mumbai offices of a company C. The starting point of this circuit is in Delhi and the end point of the circuit is in Mumbai. Hence, one point of this circuit is in Delhi and another in Maharashtra. Find the place of supply.

Q 76. A company T installs a leased circuit between the Chennai, Bengaluru and Mysuru offices of a company C. The starting point of this circuit is in Chennai and the end point of the circuit is in Mysuru. The circuit also connects Bengaluru. Hence, one point of this circuit is in Tamil Nadu and two points in Karnataka. Find the place of supply.

Q 77. A company T installs a leased circuit between the Kolkata, Patna and Guwahati offices of a company C. There are 3 points in this circuit in Kolkata, Patna and Guwahati. One point each of this circuit is, therefore, in West Bengal, Bihar and Assam. Find the place of supply.

Q 78. M/s Air Call registered under GST and located in Chennai. M/s Air Call have appointed Mr. C as a selling agent for supplying pre-payment voucher to the subscriber. Find the Place of supply of service and GST liability? SM.

Banking and NBFC service including stock broking services	<ul style="list-style-type: none"> • Location of recipient of service on the records of the supplier of service. <p style="margin-top: 10px;">Otherwise:</p> <ul style="list-style-type: none"> • Location of supplier of service.
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Q 79. Mr. A (Chennai) buys shares from a broker in BSE (Mumbai). Find the place of supply.

Q 80. Mr. B (New Delhi) withdraws money from Best Bank's ATM in Amritsar. Mr. B has crossed his limit of free ATM withdrawals. Find the place of supply.

Q 81. Mr. C from Varanasi, Uttar Pradesh, visits a bank registered in New Delhi for getting a demand draft made. Mr. C does not have any account with the said bank. Find the place of supply.

Q 82. Mr. Harsha being a registered stock broker at BSE, located in Mumbai. He has clients in Chennai, Kolkata, Bengaluru. He purchase and sells shares of clients located in Chennai, Kolkata, Bengaluru. Find the place of supply of service and GST liability. SM.

Insurance services	To a registered person • Location of recipient of Service. To a person other than registered person • Location of the recipient of services on the records of the supplier of service.
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Q 83. Mr. A, CEO of XY Ltd., Mumbai (a company registered in Maharashtra) buys insurance cover for the inventory stored in company's factory located at Mumbai, from Excellent Insurers, Chennai (registered in Tamil Nadu). Find the place of supply.

Q 84. Ms. B (unregistered resident of Kolkata) goes to her native place Patna, Bihar and buys a medical insurance policy for her parents there from Safe Insurers, Patna (registered in Bihar). Find the place of supply.

Q 85. M/sX Ltd. has factory in Cochin, Chennai, Vijayawada and Hyderabad and office in Bengaluru. M/s X Ltd. Obtains insurance for the assets located in Cochin, Chennai, Vijayawada, Hyderabad and Bengaluru from insurance company located at Delhi. Premium receipt is sued by the insurance company to the Bengaluru office. Find the place of supply of service and GST liability. SM.

Advertisement services to • Central Government • State Government • Statutory Body • Local Authority	Location in each of such states PROPORTIONATELY
Advertisements in newspapers and publications	Amount payable for publishing an advertisement in all the editions of a newspaper or publication, which are published in each State/Union territory
Advertisements through printed material like pamphlets, leaflets, diaries, calendars, Tshirts, etc.	Amount payable for the distribution of a specific number of such material in each State/Union territory
Advertisements in hoardings (other than those on trains)	Amount payable for the hoardings located in each State/ Union territory
Advertisements on trains	Amount attributable to each State/Union territory calculated in the ratio of length of the railway track in each of such State/Union territory, for that train
Advertisements on the back of utility bills of oil and gas companies, etc.	Amount payable to each State/Union territory for the advertisements on bills pertaining to consumers having billing addresses in each of such State/Union territory
Advertisements on railway tickets	Amount attributable to each State/Union territory calculated in the ratio of number of Railway Stations in each of such State/Union territory
Advertisements on radio stations	Amount payable to such radio station, which by virtue of its name is part of

each State/Union territory	
Advertisement on television channels	Amount attributable to each State/Union territory calculated on the basis of the viewership of such channel in each of such State/ Union territory.
Advertisements in cinema halls	Amount payable to a cinema hall or screens in a multiplex in each State/ Union territory.
Advertisements on internet It is deemed that such service is provided all over India.	Amount attributable to each State/Union territory calculated on the basis of the internet subscribers in each of such State/ Union territory.
Advertisements through SMS	Amount attributable to each State/Union territory calculated on the basis of the telecom subscribers in each of such State/ Union territory.

Q 86. ABC is a government agency which deals with the all the advertisement and publicity of the Government. It has various wings dealing with various types of publicity. In furtherance thereof, it issues release orders to various agencies and entities. These agencies and entities thereafter provide the service and then issue invoices to ABC indicating the amount to be paid by them. ABC issues a release order to a newspaper for an advertisement on 'Betibachaobetipadhao', to be published in the newspaper DEF (whose head office is in Delhi) for the editions of Delhi, Pune, Mumbai, Lucknow and Jaipur. The release order will have details of the newspaper like the periodicity, language, size of the advertisement and the amount to be paid to such a newspaper. Find the place of supply.

Q 87. As a part of the campaign 'Swachh Bharat', ABC has engaged a company GH for printing of 1,00,000 pamphlets (at a total cost of ` 1,00,000) to be distributed in the States of Haryana, Uttar Pradesh and Rajasthan. In such a case, ABC should ascertain the breakup of the pamphlets to be distributed in each of the three States i.e., Haryana, Uttar Pradesh and Rajasthan, from the Ministry or department concerned at the time of giving the print order. Let us assume that this breakup is 20,000, 50,000 and 30,000 respectively. This breakup should be indicated in the print order. Find the place of supply.

Q 88. ABC as part of the campaign 'Saakshar Bharat' has engaged a firm IJ for putting up hoardings near the Airports in the 4 metros, i.e., Delhi, Mumbai, Chennai and Kolkata. The release order issued by ABC to IJ will have the city-wise, location-wise breakup of the amount payable for such hoardings. Find the place of supply.

Q 89. ABC places an order on KL for advertisements to be placed on a train with regard to the 'Janani Suraksha Yojana'. The length of a track in a State will vary from train to train. Thus, for advertisements to be placed on the Hazrat Nizamuddin Vasco Da Gama Goa Express which runs through Delhi, Haryana, Uttar Pradesh, Madhya Pradesh, Maharashtra, Karnataka and Goa, KL may ascertain the total length of the track from Hazrat Nizamuddin to Vasco Da Gama as well as the length of the track in each of these

States and Union territory from the website www.indianrail.gov.in. Find the place of supply.

Q 90. ABC has issued a release order to MN for display of advertisements relating to the 'Ujjwala' scheme on the railway tickets that are sold from all the Stations in the States of Madhya Pradesh and Chattisgarh. Find the place of supply.

Q 91. For an advertisement on 'Pradhan Mantri Ujjwala Yojana', to be broadcast on a FM radio station OP, for the radio stations of OP Kolkata, OP Bhubaneswar, OP Patna, OP Ranchi and OP Delhi, the release order issued by ABC will show the breakup of the amount which is to be paid to each of these radio stations. Find the place of supply.

Q 92. ABC issues a release order with QR channel for telecasting an advertisement relating to the 'Pradhan Mantri Kaushal Vikas Yojana' in the month of November, 2017. In the first phase, this will be telecast in the Union territory of Delhi, States of Uttar Pradesh, Uttarakhand, Bihar and Jharkhand. Find the place of supply.

Q 93. ABC commissions ST for an advertisement on 'Pradhan Mantri Awas Yojana' to be displayed in the cinema halls in Chennai and Hyderabad. Find the place of supply.

Q 94. ABC issues a release order to WX for a campaign over internet regarding linking Aadhaar with one's bank account and mobile number. WX runs this campaign over certain websites. In order to ascertain the State-wise breakup of the value of this service which is to be reflected in the invoice issued by WX to ABC, WX has to first refer to the Telecom Regulatory Authority of India figures for quarter ending March, 2017, as indicated on their website www.trai.gov.in. These figures show the service area wise internet subscribers. Find the place of supply.

Q 95. The Government has hired 200 hoardings in Lakshadweep and 175 hoardings in Chennai for providing advertisement of Gas subsidy and contract contains the consideration for these hoardings separately. Hoarding services supplied by M/s X Ltd. located in Hyderabad. Find the place of supply of service and GST. SM.

<p>When a service does not fall in any of these category.</p>	<p>If service supplied to a registered person: Location of Receiver</p> <p>If service supplied to unregistered person but his address is available. Location of Receiver</p> <p>If service supplied to unregistered person and his address is not available. Location of Service Provider</p>
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Q 96. Mr. A (a Chartered Accountant registered in New Delhi) makes a supply of service to his client Mr. B of Noida, Uttar Pradesh (registered in Uttar Pradesh). Find the place of supply.

Q 97. Mr. A, a Chartered Accountant in Gurugram, Haryana, (registered in Haryana) provides consultancy services to his client Mr. C who is a resident of New Delhi but is not registered under GST. Find the place of supply.

PLACE OF SUPPLY IN CASE OF SERVICES
*Where location of Supplier of Service or Location of Recipient of Service is
 OUTSIDE INDIA*

NATURE OF SUPPLY	PLACE OF SUPPLY
IN RESPECT OF GOODS THAT ARE MADE PHYSICALLY AVAILABLE, BY THE RECEIVER TO THE SERVICE PROVIDER IN ORDER TO PROVIDE THE SERVICE	LOCATION WHERE THE SERVICES ARE ACTUALLY PERFORMED.
SERVICES PROVIDED BY WAY OF ELECTRONIC MEANS IN RELATION TO TANGIBLE GOODS	THE ACTUAL LOCATION OF GOODS
Services supplied to an Individual, represented either as the service receiver or a person acting on behalf of the receiver, which require physical presence of the recipient or the person acting on his behalf, with the supplier for the supply of services.	Location where the services are actually performed.

Q 98. Mr. X (New Delhi) imports a machine from Germany for being installed in his factory at New Delhi. To install such machine, Mr. X takes the service of an engineer who comes to India from Germany for this specific installation. Find the place of supply.

Q 99. A software company located in United States of America (USA) takes services of a software company located in Bangalore to service its software in USA. The Indian software company provides its services through electronic means from its office in India. Find the place of supply.

Q 100. ABC Ltd., Hyderabad has exported a machine to a company in Indonesia. The machine stops functioning and is thus, imported by ABC Ltd. for free repairs in terms of the sale contract. The machine is exported after repairs. Find the place of supply.

Q 101. QR Pvt. Ltd. imports raw diamonds from a diamond merchant in Belgium for the purpose of cutting, polishing and finishing the same. After the work is completed, the finished diamonds are exported to the diamond merchant in Belgium. Find the place of supply.

Q 102. Mr. X, a hair stylist registered in New Delhi, travels to Singapore to provide his services to Ms. Y, a resident of Singapore. Find the place of supply.

Q 103. PQR Consultants, New Delhi, bags a contract for doing a market research for a vehicle manufacturing company based in South Korea, in respect of its upcoming model

of a car. The research is to be carried out in five countries including New Delhi in India. Find the place of supply.

Q 104. A company C which is located in Kolkata is providing the services of testing of a dredging machine and the testing service on the machine is carried out in Orissa and Andhra Pradesh. Find the place of supply.

Q 105. A company C which is located in Delhi is providing the service of servicing of two cars belonging to Mr. X. One car is of manufacturer J and is located in Delhi and is serviced by its Delhi workshop. The other car is of manufacturer A and is located in Gurugram and is serviced by its Gurugram workshop. Find the place of supply.

Q 106. A makeup artist M has to provide make up services to an actor A. A is shooting some scenes in Mumbai and some scenes in Goa. M provides the makeup services in Mumbai and Goa. Find the place of supply.

Q 107. ABC Fabricators has its factory located in Gujarat. It has temporarily imported certain goods from its customer located in China and re-exported them to China after carrying out the necessary repairs without putting them to any use in Gujarat. Examine what would be the place of supply of service in the given case. Will your answer be different if the repaired goods are re-exported after being put to use in Gujarat for some time? SM. MTP JUNE 20 SET 2 MTP JUNE 19 SET 1

Q 108. A famous actress went to London, and avail cosmetic or plastic surgery services for her nose. Find the place of supply or service. Whether GST is liable to be paid? SM.

SERVICES SUPPLIED DIRECTLY IN RELATION TO AN IMMOVABLE PROPERTY <ul style="list-style-type: none"> ● Lease or a right to use, occupation enjoyment or provision of hotel accommodation by a hotel, guest house, club ● Construction service ● Architects ● Interior decorators ● Renting of immovable property ● Real estate agents, ● Auctioneers, engineers and similar experts or professional people, relating to land, buildings or civil engineering works etc. 	Where immovable property is located or intended to be located.
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Q 109. Mr. C, an architect (New Delhi), provides professional services to Mr. Z of New York in relation to his immovable property located in Pune. Find the place of supply.

Q 110. Mr. C, an architect (New Delhi), enters into a contract with Mr. Z of New York to provide professional services in respect of immovable properties of Mr. Z located in Pune and New York. Find the place of supply.

Q 111. Mrs. Neelam Goel, an Interior Designer based in Delhi provides her service to an Indian Hotel Chain (which has business establishment in Mumbai) for its newly acquired

property in London. Find the place of supply of service and the person liable to pay GST if any. SM.

services supplied by way of admission to or organization of	WHERE THE EVENT IS ACTUALLY HELD.
<ul style="list-style-type: none"> ● Cultural ● Artistic ● Sporting ● Scientific ● Educational ● Entertainment event ● Celebration ● Conference ● Fair ● Exhibition ● Similar events and ● Services ancillary to such admission or organisation 	

Q 112. A circus team from Russia organizes a circus in New Delhi. Find the place of supply.

Q 113. An event management company registered in New Delhi organises an art exhibition displaying works of an international painter based in Dubai. The exhibition is organised in 3 countries including New Delhi. Find the place of supply.

Q 114. Mr. Kapil Sharma, a Jalandhar based comedian hosted a comedy show at Singapore with help of event organizer located in Dubai. Find the place of supply. SM

Q 115. Mr. Kapil Sharma, a Jalandhar based comedian hosted a comedy show at Singapore on birth day occasion of a Mumbai based actor, an un-registered person. Find the GST liability if any. SM.

Q 116. Mr. D of Delhi being an event organizer hosted an exhibition at Mumbai to exhibit the products of exhibitor (namely M/s S Silks Ltd. of Singapore). Find the place of supply. SM.

Q 117. Mr. D of Dhaka being an event organizer hosted an exhibition in Mumbai to exhibit the products of exhibitor (namely M/s S Silks Ltd. of Shimla). Find the place of supply. SM.

Q 118. Mr. Harsha an event organiser located in Malaysia undertaken to organize comedy shows of Mr. Bhrami of Hyderabad and Mr. Vadivelu of Chennai in India. The comedy shows are hosted in Telangana, Andhra Pradesh, Tamil Nadu and Pondicherry. Gross value of contract is ` 60 crores.

State	No. of Days	Recipient of Service
Telangana	20	Mr. Bhrami
Andhra Pradesh	15	Mr. Bhrami
Tamil Nadu	14	Mr. Vadivelu
Pondicherry	01	Mr. Vadivelu
	Total	50

Find the place of supply of services, value of service and person liable to pay tax. SM MTP JUNE 20 SET 1

Specified Services	Location of the service provider
<p>Specified services includes:</p> <p>(a) Services provided by a banking company, or financial company, or a NBFC to account holders</p> <p>(b) Intermediary services</p> <p>(c) Services consisting of hiring of means of transport, other than,</p> <p>(i) aircrafts, and</p> <p>(ii) vessels except yachts upto a period of one month</p> <p>Intermediary services Includes the following:</p> <ul style="list-style-type: none"> • Travel agent (any mode of travel) • Tour operator • Commission agent for a service (including an agent for buying or selling of goods) • Recovery agent etc., 	

Q 119. Mr. C, a foreign tourist, on a visit to Varanasi (Uttar Pradesh) uses his international debit card to withdraw money from an ATM of a local Bank registered in Uttar Pradesh. Find the place of supply.

Q 120. A travel agent registered in New Delhi books a tour of famous Indian cities for a Dubai resident. Find the place of supply.

Q 121. Mr. D, an unregistered person based in New Delhi hires a yacht from a company based in London, UK for 20 days. Find the place of supply.

Q 122. Mr. S has a permanent residence at Chennai. He has a savings bank account with Chennai Mound Road Branch of State Bank of India. On Aug 1, 2015, Mr. S opened a safe deposit locker with the Chennai Mound Road Branch of State Bank of India. Mr. S went to Singapore for official work in Sep, 2015 and has been residing there since then. Mr. S contends that since he is a non-resident during the year 2017-18 in terms of the Income-tax Act, GST cannot be levied on the locker fee charged by State Bank of India for the year 2017-18. Examine the correctness of the contention of Mr. S. SM.

Q 123. Write a brief note on the applicability of GST in the following cases: (i) Whether the representation service provided by State Bank of India Chennai to a foreign MTSO (Money Transfer Service Operator) in relation to money transfer to a beneficiary in India falls in the category of intermediary service. (ii) Whether GST is leviable on the services provided as mentioned in (i) above by an intermediary / agent located in India (in taxable territory) to MTSO's located outside in India. SM.

SERVICE OF TRANSPORTATION OF GOODS OTHER THAN BY WAY OF MAIL OR COURIER	DESTINATION OF SUCH GOODS
PASSENGER TRANSPORTATION SERVICES	WHERE THE PASSENGER EMBARKS ON THE CONVEYANCE FOR A CONTINUOUS JOURNEY.

Q 124. A shipping line, Mumbai, Maharashtra transports a shipment of flowers from Mumbai to Paris, for an event management company based in Paris. Find the place of supply.

Q 125. Mr. A, a foreign tourist, has booked a ticket for New Delhi-Sri Lanka flight from an airline registered in New Delhi for a continuous journey without any stopover. Find the place of supply.

SERVICE ON BOARD A CONVEYANCE	THE FIRST SCHEDULED POINT OF DEPARTURE OF THAT CONVEYANCE FOR THE JOURNEY.
ONLINE INFORMATION AND DATABASE ACCESS OR RETRIEVAL SERVICES	LOCATION OF THE RECIPIENT OF SERVICE

MIXED QUESTIONS

Q 126. Determine the place of supply of service as well as their taxability in each of the following cases with brief reasons:

- (a) X Ltd. of Delhi, agrees to provide 'technical inspection and certification service' in respect of a newly developed product of an overseas firm (for a newly launched motorbike which has to meet emission standards in different states or countries). The overseas firm has provided its newly developed product. X Ltd. for the purpose of testing. The testing is carried out in Delhi (15%), Assam (35%) and Sweden (50%).
- (b) A movie on demand is provided as on board entertainment during the Kolkata-Delhi leg of a Bangkok-Kolkata-Delhi Flight. SM

Q 127. Swamy Ltd. of Chennai acquires the business of SA Ltd. at Johannesburg, South Africa. Swamy Ltd. entered into a contract with M/s Krish & Krish Architects, Chennai to do the interiors of the building of new business at South Africa. The Central Tax department issued a notice demanding GST based on the Place of supply of service provisions. Discuss briefly the applicability of the Place of supply of service to M/s Krish & Krish as the work to be done is outside the taxable territory. SM.

Q 128. With reference to the GST provisions briefly explain: (i) time of supply under reverse charge with respect to payment date. (ii) Place of supply of service of hiring of all means of transport (except vessel and air craft) upto a period of one month, where location of supplier or location of recipient is from outside India. SM.

Q 129. With reference to the position of Goods and Service Tax law as applicable on or after 01.07.2017, what would be the place of supply of service in the following independent

cases? (i) MN Trade Links of New Delhi are appointed as commission agent by a foreign company for sale of its goods to Indian customers in lieu of their services, MN Trade Links receive a fixed percentage of commission from the concerned foreign company. (ii) OP Fabricators of Mumbai has temporarily imported certain goods from its customer located in Hongkong for repairs. The said goods have been re-exported to Hongkong after carrying out the necessary repairs without being put to any use in Mumbai. (iii) UVAAirlines, an airlines located in New Delhi, has hired aircrafts from a foreign Airlines for a period of 15 days. SM.

Q 130. Determine the place of supply of service in each of the following independent cases and state whether GST is payable in each of these cases:

- (a) Mr. A travelled on a Bagdogra-Dibrugarh-Singapore-Dibrugarh-Bagdogra flight where a single ticket with no stopover has been issued by Parkinson Airlines located in Dubai.
- (b) Mr. B, a well-known comedian from Delhi, organises a stage-show in Japan. For organising the stage-show, he takes the services from a Mumbai based event organiser. SM.

Q 131. M/s. X Ltd. of Chennai, engaged in various businesses has provided the following services, whose values are listed below. Compute its GST liability:

- (1) Service of interior decoration in respect of immovable property located in Jammu: ` 5 lakh;
- (2) Service of renting of commercial buildings in Delhi: ` 15 lakh;
- (3) Architectural services to an Indian Hotel Chain which has business establishment in Mumbai for its newly acquired property in Sydney: ` 25 lakhs;
- (4) Services provided as an Indian agent undertaking marketing in India of goods of a foreign seller: ` 51 lakhs;
- (5) Services provided as travel agent undertaking marketing in India of services of a foreign seller: ` 1 lakhs. Applicable rate of GST 18%. SM.

Q 132.

- (i) Mr. Z, a supplier registered in Hyderabad (Telangana), procures goods from China and directly supplies the same to a customer in US. With reference to the provisions of GST law, examine whether the supply of goods by Mr. Z to customer in US is an inter-State supply?
- (ii) RST Inc., a corn chips manufacturing company based in USA, intends to launch its products in India. However, the company wishes to know the taste and sensibilities of Indians before launching its products in India. For this purpose, RST Inc. has approached ABC Consultants, Mumbai, (Maharashtra) to carry out a survey in India to enable it to make changes, if any, in its products to suit Indian taste. The survey is to be solely based on the oral replies of the surveyees; they will not be provided any sample by RST Inc. to taste. ABC Consultants will be paid in convertible foreign exchange for the assignment. With reference to the provisions of GST law, determine the place of supply of the service. Also, explain whether the said supply will amount to export of service? SM.

Q 133. How is the taxability of satellite launch services provided to both international and domestic customers by ANTRIX Corporation Limited, which is a wholly owned Government of India Company under the administrative control of Department of Space (DOS), determined? SM.

Q 134. Find out the place of supply in the given cases below:

1. A Ltd. has GST registration from Hyderabad. It is in the business of designing and manufacturing high quality fashion garments. It wants to organise a fashion show in Dubai during March, 2018. For this purpose, it engages Z Ltd., an event management company having GST registration from New Delhi. Z Ltd. will provide different designs for the fashion show against a consultancy fees of ` 5,00,000 + GST.
2. A Ltd. also engages P Inc., a Dubai based event management company. Fashion show will be organised under the supervision of P Inc. P Inc. will charge fees of US \$ 7,500.
3. Ram Ltd. has GST registration from New Delhi. On December 1, 2017, it purchases Dubai-Delhi air ticket from Bharat Airways for one of its chief executive officers for ` 1,10,000 + GST.
4. Further, on 1st January, 2018, Ram Ltd. purchases New York – Mumbai air ticket from Air Globe for US \$ 4,000. Air Globe is not a registered person in GST. MTP DEC 18 SET 2

Q 135. Find the place of supply in the following cases:

- (i) X Ltd., located in Mumbai, Maharashtra receives order from M/s Y Ltd. located in Ahmedabad, Gujarat for supply of one machine.
- (ii) Mr. Navab a person staying at Dubai, trained for the purpose of grooming of horse in Chennai.
- (iii) Mr. D of Delhi being an event organizer hosted an exhibition at Mumbai to exhibit the products of exhibitor (namely M/s S Silks Ltd. of Singapore).

MTP JUNE 18 SET 0031

Q 136. Determine place of supply in the following independent cases:

- 1) Mr. X, registered in Bengaluru has availed land-line services from BSNL. The telephone is installed in residential premises in Jaipur and the billing address is of office of Mr. X in Bengaluru.
- 2) Mr. X has availed post paid mobile services from BSNL registered in Bengaluru. Mr. X is registered under GST law in Bengaluru but the billing address is of residential premises of Mr. X in Jaipur.
- 3) Mr. X has purchased pre-paid mobile vouchers of BSNL registered in Bengaluru through internet banking. Mr. X is registered under GST law in Bengaluru but in BSNL's records the address of Mr. X is that of his residence in Jaipur.
- 4) Mr. C of Pune purchases a pre-paid card from a selling agent in Mumbai.
- 5) Mr. F of Pondicherry gets a pre-paid voucher recharged from a grocery shop in Chennai. MTP JUNE 20 SET 2

Q 137. A Ltd., a corn chips manufacturing company based in USA, intends to launch its products in India. However, the company wishes to know the taste and sensibilities of Indians before launching its products in India. For this purpose, A Ltd has approached ABC Consultants, Mumbai, to carry out a survey in India to enable it to make changes, if any, in its products to suit Indian taste. The survey is to be solely based on oral replies of the surveyees; they will not be provided any sample by A Ltd, to taste. ABC Consultants will be paid in convertible foreign exchange for the assignment. With reference to the provision of GST Law, determine the place of supply of the service. Also, explain whether the said supply will amount to export of service? MTP DEC 19 SET 1

Q 138. State the cases where place of supply of services (other than export or import) will be the location at which immovable property or lodging in boat or vessel is located or intended to be located. Also, state what will be the place of supply if the immovable property located outside India? MTP DEC 19 SET 2

Q 139. Mr. Ali of Raipur (unregistered person) hires the services of M/s ABC Ltd., an event management company registered in Jaipur, for organizing the marriage ceremony of his daughter at marriage garden in Jaipur. Determine the place of supply of services provided by ABC Ltd. What would your answer be in case marriage takes place in Dubai. MTP DEC 18 SET 1

Q 140. Mr. S has a permanent residence at Chennai. He has a savings bank account with Chennai Mound Road Branch of State Bank of India. On Aug 1, 2015, Mr. S opened a safe deposit locker with the Chennai Mound Road Branch of State Bank of India. Mr. S went to Singapore for official work in Sep, 2015 and has been residing there since then. Mr. S contends that since he is a non-resident during the year 2017-18 in terms of the Income-tax Act, GST cannot be levied on the locker fee charged by State Bank of India for the year 2017-18. Examine the correctness of the contention of Mr. S. MTP JUNE 18 SET 1

Q 141. Government of India launched a project "Make in India" and appointed XYZ Advertising agency of Karnataka for advertisement of the project all over the country. XYZ agency advertises the project in all states of India. Determine the place of supply of advertisement services. MTP JUNE 18 SET 2

Q 142. Find out the place of supply and the tax to be levied (i.e., IGST or CGST & SGST) in the following cases: $2 \times 4 = 8$

- (i) Mr. Sathianarayan, an Architect situated at Kochi is engaged by M/s. ABC Builders, Kochi to draw building plan for a proposed building to be situated at Dubai to be owned by the overseas client of M/s. ABC Builders.
- (ii) M/s. Adhithya Spinners Ltd., having its registered office at Bangalore (Karnataka) has engaged M/s. Texmac P. Ltd., Coimbatore (Tamilnadu), a company dealing in textile machineries, to supply blowroom machineries for the former's spinning unit to be set-up at Hosur (Tamilnadu). Machineries are supplied in completely knocked down condition at the Hosur unit and assembled by the technicians of M/s. Texmac P. Ltd. The Hosur unit is not yet registered under GST.
- (iii) M/s. Kirlo India Ltd., Mumbai (Registered under GST) appointed M/s. Cunix Infotech P. Ltd., Delhi for conducting training to its employees in the Marketing Department and to appraise their performance on periodic basis. During the month of March 2019, Cunix conducted a training programme at the campus of Cunix at New Delhi.
- (iv) Mr. Arnab, Calcutta (not registered under GST) booked air ticket in Jet Airways Ltd., Calcutta for travel to Mumbai. He embarks on the flight at New Delhi Airport. CMA INTER DEC 19 MARKS 8

Q 143. The Sterling Group of hotels introduces a holiday package for 5 Days in Pondicherry and Mahabalipuram (Tamilnadu). The stay includes both staying and complementary breakfast. Where the stay in Pondicherry is for 3 Nights and the stay in Mahabalipuram for 2 Nights. For the above services The Sterling charges total of Rs. 15,000. Explain the place of supply in the above scenario. CMA INTER DEC 19 MARKS 4

Q 144. Virat Raina imported on 12–09–2018, certain goods from Colombo, on which he paid ocean freight of Rs.2,34,000. He has received a notice from the Department, asking him to pay the GST on the ocean freight. It is stated in the notice that he is liable to pay GST on Ocean Freight. Since, place of supply of service is destination of goods as per Sec. 13(9) of IGST Act, 2017 You are required to help the importer in rebutting the Department's view. CMA INTER DEC 18 MARKS 4

Q 145. With reference to the position of Goods and Services Tax law as applicable on or after 01.07.2017, what would be the place of supply of service in the following independent cases?

- (I) MN Trade Links of New Delhi are appointed as commission agent by a foreign company for sale of its goods to Indian customers. In lieu of their services, MN Trade Links receive a fixed percentage of commission from the concerned foreign company.
- (II) OP Fabricators of Mumbai has temporarily imported certain goods from its customer located in Hongkong for repairs. The said goods have been re-exported Hongkong after carrying out the necessary repairs without being put to any use in Mumbai.
- (III) UV Airlines, an airlines located in New Delhi, has hired aircrafts from a foreign Airlines for a period of 15 days. CMA INTER DEC 18 MARKS 6

Q 146. Mr. Yogesh is working in Infosys Company having office in Bengaluru. Infosys Company is registered under GST. Mr. Yogesh purchased the ticket from Hyderabad for transportation as passenger by Air from Hyderabad to Chennai. Mr. Yogesh discloses the name of the organization and its registration number and the place where the organization is registered. Supplier of service is located at Hyderabad. Find the following: (i) Place of supply of service and GST liability. (ii) Whether your answer is different if Mr. Yogesh has not disclosed the name of the organization and its registration number?

CMA FINAL JUNE 19 MARKS 6

INPUT TAX CREDIT

ONLY FOR CMA

IT CONTAINS ALL CONCEPTS & PRACTICALS ON ITC UNDER GST.

BY CA RAGHAV GOEL

CONCEPT 1 :

INPUT TAX CREDIT: INTRA STATE SUPPLY

BASIC MEANING
 ↓
 WHEN LOCATION OF SUPPLIER AND PLACE OF SUPPLY
 ↓
 ARE IN SAME STATE OR UNION TERRITORY,
 ↓
 IT IS INTRA STATE SUPPLY.

DEFINITION

SECTION 8(1) OF IGST ACT, 2017: INTRA-STATE SUPPLY OF GOODS

WHAT IS INTRA STATE SUPPLY	WHAT IS NOT INTRA STATE SUPPLY
<p>SUPPLY OF GOODS WHERE THE ↓ LOCATION OF THE SUPPLIER ↓ AND ↓ THE PLACE OF SUPPLY OF GOODS ↓ ARE IN THE ↓ SAME STATE OR SAME UNION TERRITORY ↓ SHALL BE TREATED AS ↓ INTRA-STATE SUPPLY:</p>	<p>(I) SUPPLY OF GOODS ↓ TO OR BY A SPECIAL ECONOMIC ZONE ↓ DEVELOPER ↓ OR ↓ A SEZ UNIT;</p> <p>(II) GOODS IMPORTED ↓ INTO THE TERRITORY OF INDIA ↓ TILL THEY CROSS THE CUSTOMS ↓ FRONTIERS OF INDIA; OR</p> <p>(III) SUPPLIES MADE ↓ TO A TOURIST ↓ LEAVING INDIA.</p>

DEFINITION

SECTION 8(2) OF IGST ACT, 2107: INTRA-STATE SUPPLY OF SERVICES

WHAT IS INTRA STATE SUPPLY	WHAT IS NOT INTRA STATE SUPPLY
<p>SUPPLY OF SERVICES WHERE THE ↓ LOCATION OF THE SUPPLIER ↓ AND THE ↓ PLACE OF SUPPLY ↓ OF SERVICES ARE IN ↓ THE SAME STATE OR SAME ↓ UNION TERRITORY SHALL BE TREATED AS ↓ INTRA-STATE SUPPLY:</p>	<p>SUPPLY OF SERVICES ↓ TO OR BY A ↓ SPECIAL ECONOMIC ZONE ↓ DEVELOPER OR A SEZ UNIT.</p>

NATURE OF GST

1. IN CASE OF INTRA STATE SUPPLY, **CGST AND SGST** WILL APPLY.
↓
2. **SGST WILL BE REPLACED BY UTGST IN CASE OF UNION TERRITORIES**
↓
3. **UNION TERRITORIES ARE AS FOLLOWS:**
↓
**ANDAMAN AND NICOBAR ISLANDS, CHANDIGARH, DADRA AND NAGAR HAVELI
ANDDAMAN & DIU, DELHI, JAMMU & KASHMIR, LADAKH, LAKSHADWEEP, PUDUCHERRY.**
↓
4. **HOWEVER, DELHI AND PUDUCHERRY WILL HAVE SGST AND NOT UTGST AS THEY HAVE
LEGISLATIVE ASSEMBLY AND THEIR OWN ELECTED GOVERNMENT.**

PRACTICAL EXAMPLES

S.NO.	LOCATION OF SUPPLIER	LOCATION OF RECIEVER & PLACE OF SUPPLY	NATURE OF SUPPLY	GST
1.	DELHI	DELHI		
2.	DELHI	HARYANA		
3.	DELHI	LAKSHADWEEP		
4.	KARNATAKA	KARNATAKA		
5.	KARNATAKA	TELANGANA		
6.	KARNATAKA	CHANDIGARH		
7.	ANDAMAN & NICOBAR	ANDAMAN & NICOBAR		
8.	ANDAMAN & NICOBAR	MAHARASHTRA		
9.	ANDAMAN & NICOBAR	LADAKH		

CONCEPT 2:

INPUT TAX CREDIT:INTER STATE SUPPLY

BASIC MEANING

WHEN LOCATION OF **SUPPLIER** AND **PLACE OF SUPPLY**
 ↓
 ARE IN **DIFFERENT STATE OR UNION TERRITORY**,
 ↓
IT IS INTER STATE SUPPLY.

DEFINITION

SECTION 7 OF IGST ACT, 2107: INTER-STATE SUPPLY

SECTION 7(1): GOODS

SUPPLY OF GOODS,
 WHERE THE **LOCATION OF THE SUPPLIER**
 AND THE **PLACE OF SUPPLY** ARE IN—
 (A) TWO DIFFERENT STATES;
 (B) TWO DIFFERENT UNION TERRITORIES; OR
 (C) A STATE AND A UNION TERRITORY,
 SHALL BE TREATED AS A SUPPLY OF GOODS
 IN THE COURSE OF INTER-STATE TRADE OR COMMERCE.

SECTION 7(2): IMPORTED GOODS

- SUPPLY OF GOODS IMPORTED INTO THE TERRITORY OF INDIA,
 ↓
 ➤ TILL THEY CROSS THE CUSTOMS FRONTIERS OF INDIA,
 ↓
 ➤ SHALL BE TREATED TO BE A SUPPLY OF GOODS
 ↓
 ➤ IN THE COURSE OF INTER-STATE TRADE OR COMMERCE.

SECTION 7(3): SERVICES

SUPPLY OF SERVICES,
 ↓
 WHERE THE LOCATION OF THE SUPPLIER
 ↓
 AND THE PLACE OF SUPPLY ARE IN—
 ↓
 (A) TWO DIFFERENT STATES;
 ↓
 (B) TWO DIFFERENT UNION TERRITORIES; OR
 ↓
 (C) A STATE AND A UNION TERRITORY,
 ↓
 SHALL BE TREATED AS A SUPPLY OF SERVICES
 ↓
 IN THE COURSE OF INTER-STATE TRADE OR COMMERCE.

SECTION 7(4): IMPORTED SERVICES

➤ SUPPLY OF SERVICES IMPORTED INTO THE TERRITORY OF INDIA
 ↓
 ➤ SHALL BE TREATED TO BE A SUPPLY OF SERVICES
 ↓
 ➤ IN THE COURSE OF INTER-STATE TRADE OR COMMERCE.

SECTION 7(5): EXPORT, SEZ AND RESIDUAL

➤ SUPPLY OF GOODS OR SERVICES OR BOTH,—
 ↓
 (A) WHEN THE SUPPLIER IS LOCATED IN INDIA AND THE PLACE OF SUPPLY IS OUTSIDE INDIA;
 ↓
 (B) TO OR BY A SPECIAL ECONOMIC ZONE DEVELOPER OR A SPECIAL ECONOMIC ZONE UNIT;
 ↓
 OR
 ↓
 (C) IN THE TAXABLE TERRITORY,
 ↓
 NOT BEING AN INTRA-STATE SUPPLY AND NOT COVERED ELSEWHERE IN THIS SECTION,
 ↓
 SHALL BE TREATED TO BE A SUPPLY OF GOODS OR SERVICES OR BOTH IN THE COURSE OF INTER-STATE TRADE OR COMMERCE.
 ↓
 IN CASE OF INTER STATE SUPPLY, IGST WILL APPLY.

PRACTICAL EXAMPLES

S.NO.	LOCATION OF SUPPLIER	LOCATION OF RECIEVER & PLACE OF SUPPLY	NATURE OF SUPPLY	GST
1.	DELHI	DELHI		
2.	DELHI	HARYANA		
3.	DELHI	LAKSHADWEEP		
4.	KARNATAKA	KARNATAKA		
5.	KARNATAKA	TELANGANA		
6.	KARNATAKA	CHANDIGARH		
7.	ANDAMAN & NICOBAR	ANDAMAN & NICOBAR		
8.	ANDAMAN & NICOBAR	MAHARASHTRA		
9.	ANDAMAN & NICOBAR	LADAKH		

CONCEPT 3:

INPUT TAX CREDIT: INTRA HEAD ADJUSTMENTS

OUT PUT TAX

WHEN SUPPLIER COLLECTS GST FROM HIS CUSTOMER (RECIEVER), THIS TAX COLLECTED FROM RECEIVER IS CALLED OUTPUT TAX.



THIS IS THE GST PAYABLE BY THIS SUPPLIER TO THE GOVERNMENT.



THIS IS HIS LIABILITY TOWARDS GOVERNMENT.

INPUT TAX

THIS SUPPLIER WILL BE EITHER A MANUFACTURER OR TRADER OR SERVICE PROVIDER.



NO OTHER CATEGORY IS POSSIBLE IN BUSINESS.



HE MUST BE PURCHASING INPUT GOODS & SERVICES FOR RUNNING HIS BUSINESS.



WHATEVER HE PURCHASES SHALL EITHER BE FOR FURTHER SUPPLY TO HIS CUSTOMERS OR TO USE THE SAME IN HIS BUSINESS.



IN BOTH THE CASES, HE MUST HAVE PAID GST ON HIS PURCHASES.



THIS GST PAID ON PURCHASES IS CALLED INPUT TAX.

NET TAX LIABILITY & ITC

OUTPUT TAX COLLECTED FROM CUSTOMER SHOULD BE IDEALLY DEPOSITED WITH THE GOVERNMENT



BUT THE GOVERNMENT ALLOWS ADJUSTING INPUT TAX FROM THE OUT PUT TAX PAYABLE.



THIS MEANS THE OUTPUT TAX PAYABLE TO GOVERNMENT NEED NOT TO BE PAID IN FULL.



IT WILL BE FIRST REDUCED BY THE AMOUNT OF INPUT TAX ALREADY PAID ON PURCHASES.



THIS REDUCES THE OUTPUT TAX LIABILITY, GIVING BENEFIT TO TAX PAYER.



IT IS BECAUSE HE COLLECTED MORE FROM THE CUSTOMER BUT PAYING LESS TO THE GOVERNMENT.



THIS ADVANTAGE OF REDUCING OUTPUT TAX LIABILITY FROM INPUT TAX IS CALLED INPUT TAX CREDIT.



THE REMAINING OUTPUT TAX LIABILITY IS CALLED NET TAX LIABILITY.

INTRA HEAD & INTER HEAD ADJUSTMENTS

WHEN INPUT TAX IS DEDUCTED FROM OUT PUT TAX, BOTH THE INPUT AND OUTPUT TAXES MAY OR MAY NOT BE OF SAME NATURE.



WHEN OUTPUT TAX AND INPUT TAX ARE OF SAME NATURE, THEY CAN BE EASILY ADJUSTED WITHOUT APPLYING ANY COMPLEX PROCEDURE.



IT MEANS CGST TO CGST, SGST TO SGST, IGST TO IGST AND UTGST TO UTGST.



THIS WILL HAPPEN WHEN PURCHASE AND SALE BOTH WERE INTRA STATE SUPPLY OR BOTH WERE INTER STATE SUPPLY.



HOWEVER, IF THEY ARE NOT OF SAME NATURE, THIS NEEDS TO BE ADJUSTED AS PER SETTLEMENT RULES.



THIS WILL HAPPEN IF PURCHASE IS INTRA STATE SUPPLY AND SALE IS INTER STATE SUPPLY OR VICE VERSA.

PRACTICAL EXAMPLES

1. Mr. A registered person under GST located in Tamil Nadu, sold goods worth ` 10,000 after manufacture to Mr. B of Tamil Nadu. Subsequently, Mr. B sold these goods to Mr. C of Tamil Nadu for ` 17,500. Mr. C being a trader finally sold these goods to customer Mr. D of Tamil Nadu for ` 30,000. Applicable rates of CGST= 9%, SGST=9% and IGST=18%. Find the net tax liability of each supplier of goods.

2. Mr. A registered person under GST located in Tamil Nadu, sold goods worth ` 10,000 after manufacture to Mr. B of Karnataka. Subsequently, Mr. B sold these goods to Mr. C of Himachal Pradesh for ` 17,500. Mr. C being a trader finally sold these goods to customer Mr. D of Punjab for ` 30,000. Applicable rates of CGST= 9%, SGST=9% and IGST=18%. Find the net tax liability of each supplier of goods.

CONCEPT 4:

INPUT TAX CREDIT: INTER HEAD ADJUSTMENTS

UTILISATION OF ITC

	CGST	SGST	IGST	REMARKS
ITC OF CGST	ALLOWED	NOT ALLOWED	ALLOWED	1st CGST next IGST in that order
ITC OF SGST	NOT ALLOWED	ALLOWED	ALLOWED	1st SGST next IGST in that order
ITC OF IGST	ALLOWED	ALLOWED	ALLOWED	1st IGST next CGST and next SGST in that order

CROSS UTILISATION OF ITC

	OUTPUT TAX IGST	OUTPUT TAX CGST	OUTPUT TAX SGST/UTGST
INPUT TAX IGST	1	2 IN ANY ORDER AND IN ANY PROPORTION	
		3 INPUT IGST MUST BE EXHAUSTED MATORILY	
INPUT TAX CGST	5	4	NOT ALLOWED
INPUT TAX SGST/UTGST	7	NOT ALLOWED	6

PRACTICAL EXAMPLES

1. Find the net tax liability of each supplier of goods. Mr. C of Chennai supplied goods/services for ` 20,000 to Mr. M of Madurai. SGST and CGST rate on supply of goods and services is 9% each. IGST rate is 18%. Find the following:
- Total price charged by Mr. C.
 - Who is liable to pay GST?

CMA STUDY MATERIAL

2. Mr. M of Madurai supplied goods/services for ` 24,000 to Mr. S of Selam. Mr. M purchased goods/services for ` 23,600 (inclusive of CGST 9% and SGST 9%) from Mr. C of Chennai. Find the following:
- Total price charged by Mr. M for supply of goods/services and
 - Who is liable to pay GST.
 - Net liability of GST.

CMA STUDY MATERIAL

3. Mr. C of Tamil Nadu supplied goods/services for ` 20,000 to Mr. M of Maharashtra. SGST and CGST rate on supply of goods and services is 9% each. IGST rate is 18%. Find the following:
- Total price charged by Mr. C.
 - Who is liable to pay GST?

CMA STUDY MATERIAL

4. Mr. C of Chennai purchased goods at intra state as well as at inter state level by paying SGST ` 6,000, CGST ` 6,000 and IGST ` 12,000. Subsequently Mr. C sold these goods to Mr. H of Hyderabad (Trader) for ` 2,00,000 (IGST applicable @18%). Thereafter Mr. H of Hyderabad sold these goods to Mr. S of Secunderabad (Consumer) for ` 3,00,000 (CGST & SGST @18%). Find the Net GST liability of Mr. C and Mr. H.

CMA STUDY MATERIAL

5. Mr. A registered person under GST located in Tamil Nadu, sold goods worth ` 10,000 after manufacture to Mr. C of Chennai. Subsequently, Mr. C sold these goods to Mr. H of Hyderabad for ` 17,500. Mr. H being a trader finally sold these goods to customer Mr. S of Secunderabad for ` 30,000. Applicable rates of CGST= 9%, SGST=9% and IGST=18%.Find the net tax liability of each supplier of goods.

CMA STUDY MATERIAL

6. Mr. M of Maharashtra supplied goods/services for ` 35,000 to Mr. P of Pune. Mr. M purchased goods/services for ` 23,600 (inclusive of IGST 18%) from Mr. C of Tamil Nadu. SGST and CGST rate on supply of goods and services is 9% each. Find the following:
- Total price charged by Mr. M for supply of goods/services and
 - Who is liable to pay GST.
 - Net liability of GST.

CMA STUDY MATERIAL**CMA INTER DEC 18 EXAM (8 MARKS)**

7. Mr. Mr. Raman, a supplier of goods, pays GST under regular scheme. The amount of input tax credit (ITC) available and output tax liability under different tax heads is as under.

Compute the minimum GST payable in cash by Mr. Raman. Make suitable assumptions as required.

Head	Output tax liability (`)	ITC (`)
IGST	2,000	4,000
CGST	800	2,000
SGST/UTGST	2,500	500

CMA STUDY MATERIAL

8. M/s X Ltd. being a registered person supplying taxable goods in the following manner:

Particulars	
Intra-State supply of goods	18,00,000
Inter-State supply of goods	13,00,000
Intra-State purchases	13,00,000
Inter-State purchases	1,50,000
ITC at the beginning of the relevant tax period:	
CGST	1,30,000
SGST	1,30,000
IGST	1,70,000

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
 (ii) Inward and outward supplies are exclusive of taxes.
 (iii) All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by M/s X Ltd. during the tax period. Make suitable assumptions.

CMA STUDY MATERIAL
MTP JUNE 19

9. Mr. A has output Tax Liability of `1,00,000/- towards CGST & SGST/UGST and `20,000 towards IGST and also interest payable of `1800/- Explain the manner of discharge tax liability by Mr. A in the following two independent cases:

1. Input tax credit available of CGST & SGST is `25,000/- each & IGST is `25,000/-
 2. Input tax credit not available.

CMA STUDY MATERIAL

10. Y Ltd is operating in two states Andhra Pradesh and Tamil Nadu. The tax liability for the month of August 20XX is as follows—

No.	Tax Liability	Andhra Pradesh (`)	Tamil Nadu (`)
1.	Output CGST Payable	25,000	10,000
2.	Output SGST Payable	10,000	5,000
3.	Output IGST payable	3,000	2,500
4.	Input CGST	8,000	13,000
5.	Input SGST	15,000	1,500
6.	Input IGST	12,000	16,000

Calculate the tax payable for the month of August 20XX.

**CMA STUDY MATERIAL
MTP JUNE 19
CMA FINAL DEC 19 EXAM (8 MARKS)**

11. Mr. X, a supplier of goods, pays GST under regular scheme. The amount of input tax credit (ITC) available and output tax liability under different tax heads is as under:-

Head	Output tax liability	ITC
IGST	2,000	4,000
CGST	800	2,000
SGST/ UTGST	2,500	500

Compute the minimum GST payable in cash by Mr. X. Make suitable assumptions as required.

12. Mr. X, a supplier of goods, pays GST under regular scheme. Mr. X is not eligible for any threshold exemption. He has made the following outward taxable supplies in a tax period:

Particulars

Intra-State supply of goods	16,00,000
Inter-State supply of goods	6,00,000

He has also furnished the following information in respect of purchases made by him in that tax period:

Particulars

Intra-State purchases of goods	10,80,000
Inter-State purchases of goods	1,50,000

Mr. X has following ITCs with him at the beginning of the tax period:

Particulars

CGST 40,500

SGST 40,500

IGST 90,000

Note:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the net GST payable by Mr. X during the tax period. Make suitable assumptions as required.

MTP JUNE 18

MTP DEC 19

13. The following are details of purchases, sales, etc. effected by M/s. TAB & Co. a registered manufacturer under CGST Act, 2017:

- (1) Purchased Raw material 'A' from local dealer ` 86,100 (inclusive of GST @ 5%).
- (2) Purchased Raw material 'B' from local dealer ` 1,12,000 (inclusive of GST @ 12%).
- (3) Purchased capital goods from within the state to be used in manufacture of the taxable goods ` 1,96,000 (inclusive of GST @ 12%). Depreciation @ 15% to be charged.
- (4) Other Direct and Indirect expenses ` 55,460.
- (5) Earned 5% profit margin on total cost.
- (6) During the tax period only 70% production is sold within the state and applicable GST rate being 12%.

Calculate the amount of CGST and SGST payable after utilising input tax credit assuming no opening balance of input tax credit is available.

14. M Ltd., a registered manufacturer in state of Gujarat provides the following particulars for tax period.

- (1) Inputs purchased within state ` 1,05,000 (includes GST @ 5%).
- (2) Machinery purchased for ` 1,00,000 (excluding 18% GST) from a local dealer in Gujarat, eligible for input tax credit. Depreciation rate 15%.
- (3) Manufacturing expenses and profits ` 55,000
- (4) Goods produced were sold outside Gujarat with IGST @ 18% on sales.

Calculate the amount of IGST payable after utilising input tax credit assuming no opening balance of input tax credit available.

15. Mr. K of Kolkata purchased goods from Mr. A of Assam amounting to ` 1,18,000 (including 18% IGST). He also purchased raw material worth ` 1,25,000 from local

dealer who has opted for composition scheme. He incurred ` 50,000 as direct and indirect expenses and added profit margin @ 12% of cost. Mr. K sold 70% of finished goods to Mr. M of Mumbai with IGST @ 12% payable thereon, and 30% of finished goods to Mr. N of Kolkata with CGST and SGST @ 12% payable thereon. Compute the net CGST, SGST and IGST liability and input tax credit if any.

16. Vivitha & Co., a registered dealer in Ludhiana, furnishes the following details of purchases and sales pertaining to the month of July:

	Rs.
Goods 'A' purchased from local market (including GST @ 12%)	50,400
Goods 'B' purchased from Jaipur (including IGST @ 18%)	82,600
Sales made during the month to dealer of Kolkata of product:	
^ Goods 'A'	80,000
^ Goods 'B'	45,000
Sales made within the state of Goods 'B'	35,000

Above sales amount given is exclusive of tax. Compute the net CGST, SGST and IGST liability and input tax credit, if any for the month of July.

17. From the following information provided to you, determine, how would you utilize ITC on account of SGST available in the Electronic Credit Ledger:

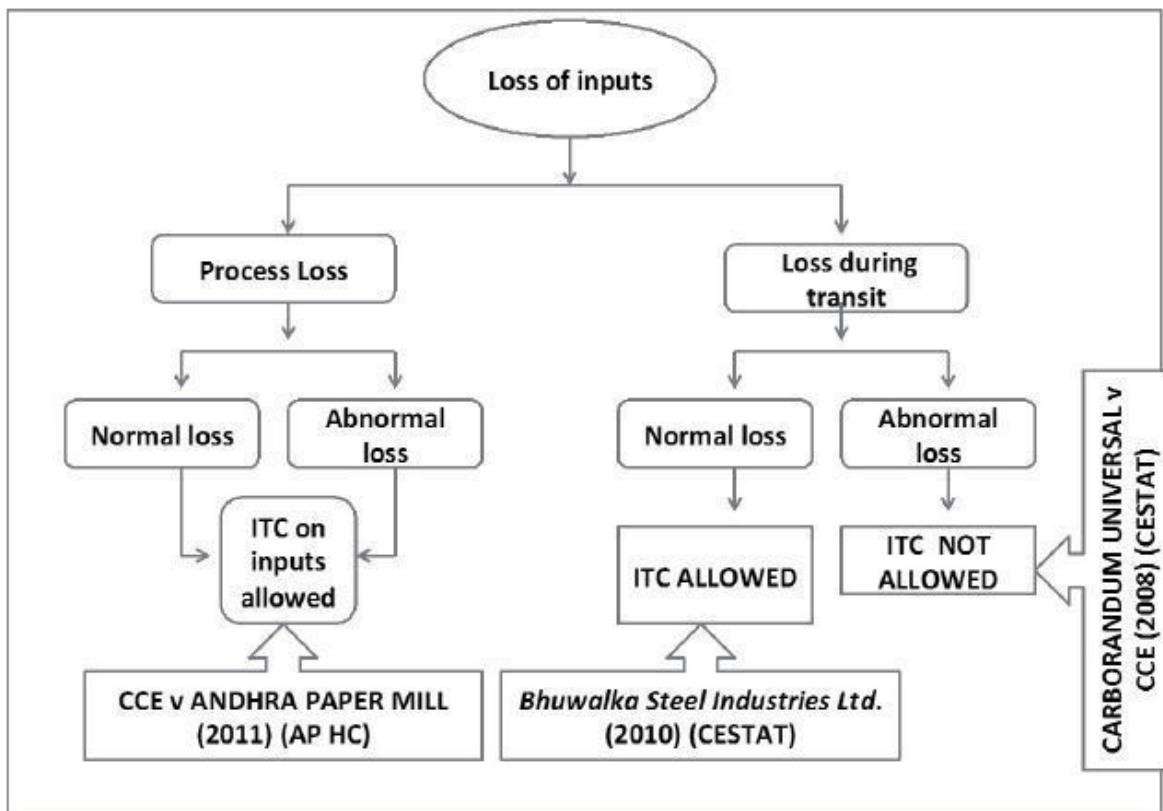
Particulars	Amount
Amount of ITC on account of SGST available in the Electronic Credit Ledger for the month of June, 2019	2,00,000
CGST payable for the month of June, 2019	73,000
IGST payable for the month of June, 2019	96,000
SGST payable for the month of June, 2019	30,000

CMA INTER JUNE 19 EXAM (7 MARKS)

CONCEPT 5:

INPUT TAX CREDIT: CONDITIONS TO AVAIL ITC SECTION 16

1. HE SHOULD BE IN POSSESSION OF A TAX INVOICE OR DEBIT NOTE ISSUED BY A SUPPLIER REGISTERED UNDER THIS ACT, OR SUCH OTHER TAX PAYING DOCUMENTS AS MAY BE PRESCRIBED.
2. HE HAS RECEIVED THE GOODS OR SERVICES OR BOTH. PROVIDED THAT WHERE THE GOODS AGAINST AN INVOICE ARE RECEIVED IN LOTS OR INSTALMENTS, THE REGISTERED PERSON SHALL BE ENTITLED TO TAKE CREDIT UPON RECEIPT OF THE LAST LOT OR INSTALMENT.
3. THE TAX CHARGED IN RESPECT OF SUCH SUPPLY HAS BEEN ACTUALLY PAID TO THE GOVERNMENT, EITHER IN CASH OR THROUGH UTILISATION OF INPUT TAX CREDIT ADMISSIBLE IN RESPECT OF THE SAID SUPPLY.
4. HE HAS FURNISHED THE RETURN.
5. HE HAS MADE THE PAYMENT TO SUPPLIER WITHIN 180 DAYS FROM THE DATE OF INVOICE.
6. LOSS OF INPUT IS TREATED AS FOLLOWS:



7. TAXABLE PERSON SHALL NOT CLAIM DEPRECIATION ON TAX COMPONENT OF THE COST OF CAPITAL GOODS UNDER THE PROVISIONS OF THE INCOME TAX ACT, 1961. IF THE DEPRECIATION UNDER SECTION 32 OF THE INCOME TAX ACT, 1961 IS CLAIMED ON THE TAX COMPONENT BY CAPITALIZING WITH THE COST OF CAPITAL GOODS, INPUT TAX CREDIT SHALL NOT BE ALLOWED.

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.

CMA STUDY MATERIAL

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 PROVISO TO SECTION 16(2) OF THE CGST ACT, 2017.

CMA STUDY MATERIAL

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 PROVISO TO SECTION 16(2) OF CGST ACT, 2017 IS APPLICABLE IN THE GIVEN CASE (I.E TO REVERSE THE CREDIT WHERE PAYMENT IS NOT MADE WITHIN 180 DAYS FROM THE DATE OF INVOICE). ADVISE.

CMA STUDY MATERIAL

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.

CMA STUDY MATERIAL

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

CMA STUDY MATERIAL
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)

CONCEPT 6: INPUT TAX CREDIT: **TIME LIMIT TO AVAIL ITC SECTION 16**

TIME LIMIT FOR AVAILMENT OF CREDIT BY REGISTERED TAXABLE PERSON IS PRESCRIBED IN THE **FOLLOWING MANNER**.

(A) FILING OF RETURN UNDER SECTION 39 FOR THE MONTH OF SEPTEMBER FOLLOWING END OF FINANCIAL YEAR TO WHICH SUCH INVOICE PERTAINS

OR

(B) FILING OF ANNUAL RETURN

WHICHEVER IS EARLIER.

IT IS WORTHY TO THAT

THE RETURN FOR THE MONTH OF SEPTEMBER

IS TO BE FILED BY 20TH OCTOBER

AND

ANNUAL RETURN OF A FINANCIAL YEAR

IS TO BE FILED BY 31ST DECEMBER

OF THE SUCCEEDING FINANCIAL YEAR.

PRACTICAL EXAMPLES

1. M/S X LTD. PURCHASED INPUT FOR ` 2,00,000 VIDE TAX INVOICE NO. 12 DATED 1ST DECEMBER 2017. M/S X LTD. HAS SUBMITTED ANNUAL RETURN FOR THE FINANCIAL YEAR 2017-18 ON 15TH SEPTEMBER 2018 AND RETURN FOR SEPTEMBER 2018 HAS BEEN FILED 19TH OCT 2018. FIND THE TIME LIMIT WITHIN WHICH INPUT TAX CREDIT CAN BE AVAILED ON INPUT BY X LTD. M/S X LTD. WANTS TO TAKE INPUT TAX CREDIT ON SUCH INPUT ON 30TH SEPTEMBER 2018, ADVISE.

CMA STUDY MATERIAL

2. M/S X LTD. DELIVERED A MACHINE TO M/S Y LTD. IN JANUARY 2018 UNDER INVOICE NO. 180 DATED 21ST JANUARY FOR ` 5,00,000 PLUS GST, AND UNDERTOOK TRIAL RUNS AND CALIBRATION OF THE SAME MACHINE AS PER THE REQUIREMENTS OF M/S Y LTD. THE AMOUNT CHARGEABLE FOR THE PAST DELIVERY ACTIVITIES WERE COVERED IN A DEBIT NOTE RAISED IN MAY 2018 FOR ` 1,25,000 PLUS GST. M/S Y LTD DID NOT FILE ITS ANNUAL RETURN TILL OCTOBER 2018. FIND THE TIME LIMIT U/S 16(4) OF THE CGST ACT, 2017 WITHIN WHICH INPUT TAX CREDIT CAN BE AVAILED BY M/S Y LTD.

CMA STUDY MATERIAL

3. XYZ LTD. PURCHASED GOODS VALUING ` 6,00,000 (EXCLUSIVE OF CGST AND SGST @9% EACH) UNDER THE COVER OF INVOICE DATED 25-12-2019. THE COMPANY MADE PAYMENT TO THE SUPPLIER ON THE SAME DATE. SINCE THERE WAS A DOUBT REGARDING ADMISSIBILITY OF TAX CREDIT ON SUCH INPUTS, THE COMPANY DID NOT TAKE THE INPUT TAX CREDIT AT THE TIME OF RECEIPT OF INPUT. THE COMPANY OBTAINED CLARIFICATION FROM A LEGAL CONSULTANT WHO OPINED THAT THE GOODS WERE ELIGIBLE AS INPUTS UNDER INPUT TAX CREDIT RULES. THE OPINION WAS RECEIVED ON 05-05-2020. THE COMPANY NOW WANTS TO AVAIL INPUT TAX CREDIT OF THE TAX PAID ON SUCH INPUTS. CAN IT DO SO? THE COMPANY HAS FILED ITS ANNUAL RETURN FOR THE YEAR 2019-20 ON 12-08-2020.

CONCEPT 7:

INPUT TAX CREDIT: BLOCKED ITC SECTION 17

BUSINESS & NON-BUSINESS PURPOSE
SECTION 17(1) OF THE CGST ACT, 2017

WHERE THE GOODS OR SERVICES OR BOTH ARE USED BY THE REGISTERED PERSON
 ↓
 PARTLY FOR THE PURPOSE OF ANY BUSINESS
 ↓
 AND PARTLY FOR OTHER PURPOSES,
 ↓
 THE AMOUNT OF CREDIT SHALL BE RESTRICTED
 ↓
 TO SO MUCH OF THE INPUT TAX
 ↓
 AS IS ATTRIBUTABLE TO THE PURPOSES OF HIS BUSINESS.

INPUTS USED IN TAXABLE AND EXEMPT SUPPLY
SECTION 17(2) OF THE CGST ACT, 2017

WHERE THE GOODS OR SERVICES OR BOTH
 ↓
 ARE USED BY THE REGISTERED PERSON
 ↓
 PARTLY FOREFFECTING TAXABLE SUPPLIES
 ↓
 INCLUDING ZERO-RATED SUPPLIES
 ↓
 AND
 ↓
 PARTLY FOR EFFECTING EXEMPT SUPPLIES,
 ↓
 THE AMOUNT OF CREDIT SHALL BE RESTRICTED TO
 ↓
 SOMUCH OF THE INPUT TAX
 ↓
 AS IS ATTRIBUTABLE TO THE SAID
 ↓
 TAXABLE SUPPLIES INCLUDING ZERO-RATED SUPPLIES.

**INPUTS USED BANKING COMPANY AND NBFC
SECTION 17(4) OF THE CGST ACT, 2017**

A BANKING COMPANY AND NBFC
 ↓
 SHALL HAVE THE OPTION
 ↓
 TO EITHER COMPLY WITH THE PROVISIONS OF SUB-SECTION (2),
 ↓
 OR AVAL OF, EVERY MONTH,
 ↓
 AN AMOUNT EQUAL TO 50% OF THE ELIGIBLE ITC
 ↓
 IN THAT MONTH AND THE REST SHALL LAPSE.

PROVISO 1 TO SECTION 17(4)

PROVIDED THAT THE OPTION ONCE EXERCISED
 ↓
 SHALL NOT BE WITHDRAWN
 ↓
 DURING THE REMAINING PART OF THE FINANCIAL YEAR.

PROVISO 2 TO SECTION 17(4)

PROVIDED FURTHER THAT THE RESTRICTION OF 50%
 ↓
 SHALL NOT APPLY TO THE TAX PAID
 ↓
 ON SUPPLIES MADE BY
 ↓
 ONE REGISTERED PERSON
 ↓
 TO ANOTHER REGISTERED PERSON
 ↓
 HAVING THE SAME PERMANENT ACCOUNT NUMBER.

**MOTOR VEHICLES
SECTION 17(5)(a) OF THE CGST ACT, 2017**

GENERALLY, NO ITC ALLOWED ON MOTOR VEHICLES FOR TRANSPORTATION OF PERSONS HAVING APPROVED SEATING CAPACITY OF NOT MORE THAN 13 PERSONS (INCLUDING THE DRIVER) EXCEPT WHEN THEY ARE BOUGHT & USED FOR FOLLOWING PURPOSES:

1. MOTOR VEHICLES OR CONVEYANCES ARE USED FOR FURTHER SUPPLY OF SUCH VEHICLES OR CONVEYANCES.
2. MOTOR VEHICLES OR CONVEYANCES ARE USED FOR TRANSPORTATION OF PASSENGERS.
3. MOTOR VEHICLES OR CONVEYANCES ARE USED FOR IMPARTING TRAINING ON DRIVING, FLYING, NAVIGATING SUCH VEHICLES OR CONVEYANCES.
4. TRANSPORTATION OF GOODS

FOOD AND BEVERAGES, OUTDOOR CATERING, BEAUTY TREATMENT, HEALTH SERVICES, COSMETIC AND PLASTIC SURGERY
SECTION 17(5)(b)(i) OF THE CGST ACT, 2017

ITC SHALL NOT BE ALLOWED
 ↓
 ON THESE ITEMS EXCEPT
 ↓
 WHEN THEY ARE USED
 ↓
 EITHER UPON GOVERNMENT COMPULSION
 ↓
 OR TO MAKE OUTWARD SUPPLY
 ↓
 EITHER INDEPENDENTLY
 ↓
 OR AS COMPOSITE OR MIXED SUPPLY

MEMBERSHIP OF A CLUB, HEALTH AND FITNESS CENTRE
SECTION 17(5)(b)(ii) OF THE CGST ACT, 2017

ITC SHALL NOT BE ALLOWED
 ↓
 ON SUCH MEMBERSHIP CHARGES

RENT-A-CAB, LIFE INSURANCE AND HEALTH INSURANCE
SECTION 17(5)(b)(iii) OF THE CGST ACT, 2017

ITC SHALL NOT BE ALLOWED
 ↓
 ON THESE ITEMS EXCEPT
 ↓
 WHEN THEY ARE USED AS PER GOVERNMENT COMPULSION
 ↓
 OR TO MAKE OUTWARD SUPPLY

↓
EITHER INDEPENDENTLY OR AS COMPOSITE OR MIXED SUPPLY

TRAVEL BENEFITS EXTENDED TO EMPLOYEES ON VACATION
SECTION 17(5)(b)(iv) OF THE CGST ACT, 2017

ITC ON TAX PAID ON TRAVEL BENEFITS EXTENDED
↓
TO EMPLOYEES ON VACATION
↓
SUCH AS LEAVE OR HOME TRAVEL CONCESSION
↓
SHALL NOT BE AVAILABLE
↓
UNDER ANY CIRCUMSTANCES.

WORKS CONTRACT
SECTION 17(5)(c) OF THE CGST ACT, 2017

ITC NOT ALLOWED ON
↓
WORKS CONTRACT SERVICES WHEN SUPPLIED
↓
FOR CONSTRUCTION OF AN IMMOVABLE PROPERTY
↓
(OTHER THAN PLANT AND MACHINERY)
↓
EXCEPT WHERE IT IS AN INPUT SERVICE
↓
FOR FURTHER SUPPLY OF WORKS CONTRACT SERVICE

NOTE: ITC ALLOWED ON REVENUE REPAIRS
ITC NOT ALLOWED ON REPAIRS WHICH ARE CAPITALISED

MEANING OF PLANT & MACHINERY

'PLANT AND MACHINERY' MEANS APPARATUS, EQUIPMENT AND MACHINERY FIXED TO EARTH BY FOUNDATION OR STRUCTURAL SUPPORT THAT ARE USED FOR MAKING OUTWARD SUPPLY OF GOODS OR SERVICES OR BOTH AND INCLUDES SUCH FOUNDATION AND STRUCTURAL SUPPORTS BUT EXCLUDES:

- A. LAND, BUILDING OR ANY OTHER CIVIL STRUCTURES**
- B. TELECOMMUNICATION TOWERS; AND**
- C. PIPELINES LAID OUTSIDE THE FACTORY PREMISES.**

INPUTS USED FOR IMMOVABLE PROPERTY
SECTION 17(5)(d) OF THE CGST ACT, 2017

GOODS OR SERVICES OR BOTH
 ↓
 RECEIVED BY A TAXABLE PERSON
 ↓
 FOR CONSTRUCTION OF AN IMMOVABLE PROPERTY
 ↓
 (OTHER THAN PLANT OR MACHINERY)
 ↓
 ON HIS OWN ACCOUNT
 ↓
 INCLUDING WHEN SUCH GOODS OR SERVICES OR BOTH
 ↓
 ARE USED IN THE COURSE OR FURTHERANCE OF BUSINESS.

INPUTS USED BY COMPOSITION DEALER
SECTION 17(5)(e) OF THE CGST ACT, 2017

GOODS AND/ OR SERVICES ON WHICH
 ↓
 TAX IS PAID TO THE SUPPLIER
 ↓
 UNDER COMPOSITION SCHEME
 ↓
 IS NOT ELIGIBLE FOR ITC.

INPUTS USED BY NON-RESIDENT TAXABLE PERSON
SECTION 17(5)(f) OF THE CGST ACT, 2017

INPUT TAX CREDIT SHALL NOT BE AVAILABLE
 IN RESPECT OF GOODS OR SERVICES OR BOTH
 RECEIVED BY A NON-RESIDENT TAXABLE PERSON
 EXCEPT ON GOODS IMPORTED BY HIM.
 IT MEANS IGST ON IMPORT OF GOODS ALLOWED AS ITC.

INPUTS USED FOR PERSONAL CONSUMPTION
SECTION 17(5)(g) OF THE CGST ACT, 2017

INPUT TAX PAID ON GOODS AND OR SERVICES USED FOR PERSONAL CONSUMPTION IS NOT ELIGIBLE FOR ITC.

**GOODS LOST, STOLEN, DESTROYED, WRITTEN OFF OR DISPOSED OF BY WAY OF GIFT OR
FREE SAMPLES;**
SECTION 17(5)(h) OF THE CGST ACT, 2017

ITC NOT ALLOWED IN THE FOLLOWING CASES:

- **GOODS LOST**
- **GOODS STOLEN**
- **GOODS DESTROYED**
- **GOODS WRITTEN OFF OR**
- **DISPOSED OF BY WAY OF GIFT**
- **DISPOSED OF BY WAY OF FREE SAMPLES**

**TAX PAID IN ACCORDANCE WITH THE PROVISIONS OF FRAUD, DETENTION, SEIZURE
AND CONFISCATION OF GOODS OR CONVEYANCE.**
SECTION 17(5)(i) OF THE CGST ACT, 2017

GST paid under the below provisions; credit is not available to a taxable person.

**(A) SECTION 74 OF THE CGST ACT, 2017:SHOW CAUSE NOTICE ISSUED IN CASE OF FRAUD,
TO RECOVER THE GST.**

**(B) SECTION 129 OF THE CGST ACT, 2017:TAX IS PAID, WHEN GOODS ARE UNDER
DETENTION BY THE OFFICERS FOR FURTHERINVESTIGATION**

**(C) SECTION 130 OF THE CGST ACT, 2017:TAX PAID, WHEN THE GOODS OR CONVEYANCE
ARE BEING CONFISCATED.**

PRACTICAL EXAMPLES

1. M/s. X Ltd. supplied taxable goods from the factory after manufacture in the month of Oct 2017 for sale to a distributor for ` 8,00,000. M/s X Ltd has suppressed this transaction. However, he deposited the GST @12% on these goods on 10-1-2018 against show cause notice issued under Section 74 (when there is fraud) of the CGST Act, 2017 by the Central Tax Officer and passed the order accordingly. Whether distributor namely recipient of these goods is eligible to take input tax credit.

STUDY MATERIAL

2. M/s. X Ltd. supplied taxable goods from the factory after manufacture in the month of Oct 20XX for sale to a distributor for ` 8,00,000. However, he deposited the GST @12% on these goods on 10-1-20XX against show cause notice issued under Section 74 (when there is fraud) of the CGST Act, 2017 by the Central Tax Officer and passed the order accordingly. During the month of December 20XX, M/s X Ltd received goods worth ` 5,00,000 by paying GST 12%.

- (a) Find the Net GST deposited by M/s X Ltd. into the Government Account on 10th January 20XX
- (b) Your answer is different if M/s X Ltd. paid GST 12% against show cause notice issued under section 73 (when there is no fraud).
- (c) Rework, M/s X Ltd. paid output tax by following self-assessment (i.e. when there is no show cause notice issued)

Note: Ignore penalty and interest

STUDY MATERIAL

3. M/s X Ltd. manufacturer of textile products. Company received order from Government to supply goods to defense (exempted supply). The turnover of the other taxable goods and exempted goods ` 4 crore and ` 1 crore respectively. Common inputs on which GST paid ` 20,000. Calculate the eligible ITC on common inputs?

STUDY MATERIAL

4. M/s Lips Ltd., manufactures four types of 'Nail Polishes', namely Sweety, Pretty, Beauty, Tweety. The Company has taken input tax credit of ` 3,00,000 on the common inputs used in the manufacture of 'Nail Polishes'. Common inputs also used partly for non-business purposes. During the financial year 2017-18 (w.e.f 1-7-2017) the company manufactured 1000 liters of each type of 'Nail Polishes'. The Company was not in a position to maintain separate set of records with regards to inputs used for final products. GST payable on final goods @12%. You are required to calculate the net GST payable by M/s Lips Ltd. for the year 2017-18 from the following data:

Product Name	Description	Sale price (Exclusive of GST)

Sweety	Sale to Domestic Tariff Area	` 30 per 20ml. bottle
Pretty	Sale to a Special Economic Zone (SEZ)	` 40 per 20ml. bottle
Beauty	Sale to A Ltd. of USA	` 50 per 20ml. bottle
Tweety	Sale to Defence Canteen (Exempted from GST)	` 60 per 20ml. bottle

STUDY MATERIAL
MTP JUNE 20

5. Y Ltd. manufactures taxable and exempted goods. Y Ltd. also simultaneously provides taxable as well as exempted output services. Raw material 10,000 units were purchased @ Rs 100 per unit used commonly during the month of January 2018 to produce all final products. GST paid on inputs 12%. Input services commonly used for all goods and services in the month of January 2018. Total ITC on inputs and input services taken into books of account in the relevant tax period is 1,74,000. Turnover for the month of January 2018 (excluding all taxes).

Particulars	Value of finished goods `
Taxable supply of goods	2,00,000
Exempted supply of goods (` 80 per unit)	1,00,000
Taxable supply of services	1,00,000
Exempted supply of services	50,000
Total	4,50,000

You are required to compute the amount of reversal of input tax credit as per rule 42(1)(i) of the CGST Rules, 2017 of the month of January 2018.

Note: Each unit of exempted final product needs 2 units of raw materials. Assumed that there is no process loss.

STUDY MATERIAL

6. X Bank of India has corporate office in Mumbai and branches in Chennai, Delhi and Kolkata. Mumbai office provided services to Chennai office accordingly IGST paid. Office of Chennai will avail the credit of IGST. Chennai office is required to reverse such credit? Explain.

STUDY MATERIAL

7. OK Bank has availed credit of ` 25,00,000 lacs in the month of December 2017. Total credit, out of which ` 5,00,000 pertains to non-business purpose and ` 7,00,000 pertains to credit availed under 2nd proviso of section 17(4). Find the total input tax credit eligible to OK Bank. Note: OK Bank opted to avail ITC an amount equal to 50% of eligible credit.

STUDY MATERIAL

8. M/s A Ltd. a registered person under GST law and purchased 10 cars for ` 45 lakh plus 28% GST. M/s A Ltd sold 8 cars for ` 55 Lakh plus 28% GST.

Find the GST liability in the following two independent cases:

- (a) M/s A Ltd is a dealer of motor vehicles
(b) M/s A Ltd is not a dealer of motor vehicles

STUDY MATERIAL

CMA FINAL DEC 19 EXAM (3 MARKS)

9. M/s Parveen Travels transporting passengers from Chennai-Mumbai-Chennai. For this purpose, M/s Parveen Travels purchased Volvo Bus (air-conditioned) for ` 55 lakhs plus GST 28%. M/s Parveen Travels is eligible for ITC on Volvo Bus in the following two cases:

1. M/s Parveen Travels paying GST 12% on supply of output supplies.
2. M/s Parveen Travels paying GST 5% on supply of output supplies.

STUDY MATERIAL

10. M/s MR Ltd. manufacturer of motor vehicles. Company purchased passenger motor vehicle for ` 20 lacs plus GST 28% for transportation of their employees from their residence to factory and from factory to their residence. M/s MR Ltd. is eligible to avail the credit on purchase of motor vehicle?

STUDY MATERIAL

11. Sukhee Bhava Hospital is a clinical establishment purchased four ambulances for ` 32 lakhs plus GST 28%. Find the input tax credit available to Sukhee Bhava Hospital.

STUDY MATERIAL

12. Ferrari Company for conducting Formulae One car races purchased 20 Racing Cars for ` 80 lakhs plus GST 28%. Ferrari company is eligible for availing ITC on purchase of Racing Cars.

STUDY MATERIAL

13. Mr. Ram a school van driver and also registered person under GST law. He purchased Omni vehicle for ` 8 lacs plus GST 28%. Mr. Ram is eligible for ITC on this vehicle. Explain.

STUDY MATERIAL

14. M/s Maruti Driving School Pvt. Ltd. supplied taxable services in the month of October 2017 for ` 15 lacs (plus GST 18%) to provide training on driving. Company purchased two vehicles for this purpose namely passenger vehicle for ` 20 lacs plus GST 28% and goods vehicle for ` 33 lacs plus GST 28%. Find the net GST liability of M/s Maruti Driving School Pvt. Ltd.

STUDY MATERIAL

CMA FINAL DEC 19 EXAM (3 MARKS)

15. Course completion certificate/training offered M/s Sky Ltd. (Flying Training Institute) purchased aircraft for ` 22 crores plus GST 28%. Whether the flying institute is eligible for input tax credit on purchase of air craft.

STUDY MATERIAL

16. Guideline Academy organizes parents meeting and provides meal during meeting to students and their parents. The supplier of food charged ` 72,500 plus GST 18%, under the category of outdoor catering. Explain Guideline Academy being provider of taxable supply of services namely commercial training and coaching services is eligible to avail the credit of GST paid on outdoor catering service.

STUDY MATERIAL

17. Annapoorna caterings supply outdoor catering services to its customers by sub-contracting the same. Subcontractors supplied food items like ice creams, North Indian Meals, South Indian Meals and so on to Annapoorna caterings. Sub-contractor raised invoice on Annapoorna caterings for supply of outdoor catering services `2,00,000 plus GST 18%. Annapoorna caterings supplied outdoor catering to its customers for ` 2,10,000 plus GST 18%. Find the Net GST liability of Annapoorna caterings.

STUDY MATERIAL

18. Sky Ltd. is engaged in supply of transport of passengers by air services. The company avails outdoor catering services of M/s Anna Caterers in order to provide food and beverages to the passengers. M/s Anna Caterers raises an invoice on Sky Ltd charging GST. Sky Ltd. wants to avail the ITC on outdoor catering services supplied by M/s Anna Caterers. Advise.

STUDY MATERIAL

19. Wipro Pro Ltd is a BPO which works on night shift basis. As per the Government Notification, it has to provide rent a cab facilities to its employees who work on night shifts. Whether, Wipro Pro is eligible to avail ITC on rent a cab services.

STUDY MATERIAL

20. Hotel King Pvt Ltd. provider of short-term accommodation services and also provides picking up guest from airport. Accordingly, Hotel King Pvt. Ltd availed rent-a-cab services from M/s X & Co. Rent-a-cab services provided by M/s X & Co to Hotel King Pvt Ltd. during Nov 2017 for ` 2,00,000 plus GST 18%. Hotel King Pvt Ltd. provided short-term accommodation services to its customers (i.e. guests) during Nov 2017 for ` 15,75,250 plus GST 18%. Find the Net GST liability of Hotel King Pvt Ltd. during the month of November 2017.

STUDY MATERIAL

21. Infosys Ltd. being a registered person under GST Law paid insurance premium for its employees along with GST thereon. Infosys Ltd. is can avail the ITC of GST paid on insurance premium?

STUDY MATERIAL

22. M/s MRFL Ltd. being a manufacturer of taxable goods paid general insurance premium to cover loss of stock of finished goods. Company wants to avail the GST paid on such premium as input tax credit. Advise.

STUDY MATERIAL

23. M/s A Ltd. being a manufacturer of laptops registered under GST. Company appointed M/s B Ltd. for construction of factory building in the factory premises. Whether A Ltd can avail ITC?

STUDY MATERIAL

24. M/s A Ltd. being a manufacturer of laptops registered under GST. Company appointed M/s B Ltd. for construction of factory building in the factory premises. Accordingly M/s B Ltd. sub-contacted works contract service to M/s C Ltd. Whether A Ltd and B Ltd. can avail ITC?

STUDY MATERIAL

25. M/s A Ltd. being a manufacturer of laptops registered under GST. Company appointed M/s B Ltd. for construction of foundation or structural support of Hot Mix Plant (i.e. plant and machinery) that are used for making outward supply of goods or services or both. Accordingly, M/s B Ltd used cement, steel, iron, water, chemicals and labour to complete the job. Whether GST paid on such works contract service is allowed as input tax credit to M/s A Ltd?

STUDY MATERIAL

26. M/s A Ltd. being a manufacturer of laptops registered under GST. Company appointed M/s B Ltd. for construction of factory building in the factory premises. M/s B Ltd. agreed to undertake only labour contract plus GST. Materials supplied by M/s C Ltd, plus GST. Can A Ltd avail ITC?

STUDY MATERIAL

27. M/s Bharti Airtel Limited purchased antennas, towers and parts thereof by paying GST. Company also received works contract service from M/s B Ltd. for its installation by paying GST thereon. Finally towers and parts thereof are fastened and are fixed to the earth and after their erection become immovable. Find the eligibility of input tax credit to M/s Bharti Airtel Limited.

STUDY MATERIAL

28. M/s Indian Oil Corporation wants to lay down pipeline from Bhubaneswar to Chennai. Company awarded this contract to M/s B Ltd. for a consideration plus GST. Is it input service to M/s Indian Oil Corporation.

STUDY MATERIAL

29. M/s X Ltd manufacturer of taxable goods and registered under GST Law. M/s X Ltd assigned the contract in the month of January 2018, for ₹ 5,00,000 plus GST 18% to M/s Y Ltd. for constructing structural support of Hot Mix Plant, which is used for making taxable supply of goods. Accordingly M/s Y Ltd used cement, steel, iron, water, chemicals and labour to complete the job. Entire work has been completed and payment also be received in the month of January 2018. M/s X Ltd further provides the following information to find net GST liability of M/s X Ltd. for the month of January 2018:

Inward supply	Value in `	GST Rate	Outward supply	Value in `	GST Rate
Raw material (10 Kgs)	2,00,000	18%	Finished goods	15,00,000	28%
Hot Mix Plant	6,00,000	28%	Note: there is process loss @1% while		

Works contract service	5,00,000	18%	converting raw materials into finished goods.
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STUDY MATERIAL
MTP JUNE 19

30. M/s A Ltd. being a manufacturer of laptops registered under GST. Company appointed M/s B Ltd. for construction of factory building in the factory premises. Contract price is ` 120 lacs plus GST 18%. M/s B Ltd., supplied cement, steel and labour while executing the contract. Whether M/s A Ltd is eligible to avail the input tax credit on such works contract service.

STUDY MATERIAL

31. M/s Raji builders appoint M/s Viswa contractors for providing the service of plastering of walls. As per terms of contract M/s Raji builders provides the entire material namely cement, water, bricks and chemicals and so on. As a result M/s Viswa contractors do not use any material. Is it works contract service?

STUDY MATERIAL

32. M/s MR Ltd. manufacturer of laptops. Company appoints M/s RM Constructors for constructing a new factory building. Terms and conditions of contract are as follows:

S.No.	Particulars	Value in `	Remarks
(1)	Land value	2 crore	Land owned by M/s MR Ltd.
(2)	Material cost	30 lacs	Material supplied by M/s RM Constructors
(3)	Service cost	10 lacs	Supplied by RM Constructors

(a) Construction completed in the month of October 20XX.

(b) Assume Time of supply in the month of October 20XX.

(c) Applicable rate of GST 18%.

(d) Fully payment made in the month of October 20XX.

Output supplies of M/s MR Ltd during the month of October 20XX are ` 20,00,000 plus GST 18%.

Find the net liability of GST in the hands of M/s MR Ltd. in the month of October 20XX.

Rework, if M/s MR limited is provider of works contract service.

STUDY MATERIAL

33. M/s P Ltd. appoints M/s Q Ltd. for laying of pipelines inside its factory premises which resulting into movable property. For which M/s P Ltd. purchased pipelines for ` 10,00,000 plus GST 12%. On completion of works contract service M/s Q Ltd charged for ` 2,00,000 plus GST 18%. Find the eligible input tax credit to M/s M/s P Ltd.

STUDY MATERIAL

34. Ram is the chairman of reputed construction company. He ordered certain input goods or services like cement, steel and labour to be used for the construction of his house. Cement purchased was also used partly for the company building (i.e. captive use). Input tax credit allowed on purchase of cement?

STUDY MATERIAL

35. Determine the amount of input tax credit available with Arihant Manufacturing Ltd. in respect of the following items procured by them in the month of January 2018:

Items	GST paid in `
Raw materials	72,000
Food and beverages & catering services are used in the guesthouse primarily for the stay of the newly recruited employees.	40,000
Inputs used for making structures for support of plant and machinery	1,25,000
Capital goods used as parts and components for use in the manufacture of final product	40,000

STUDY MATERIAL
MTP DEC 18

36. ABC India Ltd. is engaged in the manufacture of some taxable goods. It purchased the following goods in the month of October, 2017:-

Raw material used for the production of the final product	1,00,000
Goods used for generation of electricity for captive consumption	20,000
Goods used for providing free warranty – Value of such free warranty provided by ABC India Ltd. is included in the price of the final product and is not charged separately from the customers	10,000
Light diesel oil	5,000

STUDY MATERIAL
MTP DEC 19
MTP JUNE 18

37. Mr. A of USA being technician came to India to assemble parts of machinery. He also imported goods worth `10,00,000 and paid following customs duties:

- (i) Basic customs duty is ` 1,00,000.
- (ii) Education Cess 2% plus 1% Secondary and Higher Education Cess together it is ` 3,000.
- (iii) Integrated Goods and Services Tax (IGST) of ` 1,98,540.

In India Mr. A wants to register as non-resident taxable person and his estimated liability is ` 2,50,000. How much Mr. A is liable to pay as advance tax?

STUDY MATERIAL

38. M/s X Ltd. purchased shoes for their employee's personal consumption by paying GST thereon. ITC allowed on such goods?

STUDY MATERIAL

39. M/s Y Ltd. for safety reasons purchased hand gloves and shoes for workers as mandatory. ITC allowed?

STUDY MATERIAL

40. M/s Info Ltd. providing various facilities to their employees like club, sports facilities etc. to ensure that the employees stay comfortably in the colony. It increases the efficiency of employee. Examine the credit applicability in this case.

STUDY MATERIAL

41. M/s Andhra ITC Ltd. purchased inputs and capital goods by paying GST to produce electricity or steam for manufacture of taxable goods. The electricity generated for use in manufacture of goods is sometimes also supplied in the residential colony of employees. Whether, M/s Andhra ITC Ltd. is eligible to avail the credit fully?

STUDY MATERIAL

42. M/s X Ltd. sold goods to M/s Y Ltd. for ` 2,00,000 plus GST ` 36,000. M/s X Ltd. remitted the GST on or before the due date. During the audit of M/s X Ltd. books by the Central Tax Department quantified the GST liability ` 72,000 and demanded to pay differential duty of ` 36,000 u/s 74 of the CGST Act, 2017. Finally, M/s X Ltd. paid the differential GST of ` 36,000. M/s Y Ltd. wants to avail the input tax credit of differential amount of GST, advise.

STUDY MATERIAL

43. Ram & Co., being a registered person under GST supplied the following in the month of January 20XX:

Particulars	Value in `
Taxable supply of goods	20,00,000
Exempted supply of goods	5,00,000
Sale of land	12,50,000
Recovery Agent services supplied to OK Bank	2,50,000
Deposit on which interest received	2,00,000
Total	42,00,000

Common inputs for the relevant tax period is `2,00,000. GST applicable rate on outward supply of goods @28% Find the GST liability?

STUDY MATERIAL

44. Soren Enterprises is in possession of certain capital goods and purchases more of them as per the following particulars:

Particulars	Input tax on Capital Goods (`)	Status of its use
Capital goods A	12,000	Exclusively used for non-business purpose.
Capital goods B	24,000	Exclusively used for zero-rated supplies
Capital goods C	60,000	Used both for taxable and exempted supplies.
Capital goods D (has been exclusively used for 2 years for exempted supplies)	1,20,000	Now there is change in use, both for taxable and exempted supplies.
Capital goods E (has been exclusively used for 3 years for taxable supplies)	1,80,000	Now there is change in use, both for taxable and exempt supplies.

Useful life of all the above capital goods is considered as 5 years. Apportion the input tax credit of capital goods, while being informed that aggregate value of exempted supplies during the tax period being `6,00,000 and total turnover during the tax period being `12,00,000

STUDY MATERIAL

45. Oberoi Industries is a manufacturing company registered under GST. It manufactures two taxable products 'X' and 'Y' and one exempt product 'Z'. The turnover of 'X', 'Y' and 'Z' in the month of April, 20XX was `2,00,000, `10,00,000 and `12,00,000. Oberoi Industries is in possession of certain machines and purchases more of them. Useful life of all the machines is considered as 5 years. From the following particulars furnished by it, compute the amount to be credited to the electronic credit ledger of Oberoi Industries and amount of common credit attributable towards exempted supplies, if any, for the month of April, 20XX.

Particulars	GST paid (`)
Machine 'A' purchased on 01.04.20XX for being exclusively used for non-business purposes	19,200
Machine 'B' purchased on 01.04.20XX for being exclusively used in manufacturing zero- rated supplies	38,400
Machine 'C' purchased on 01.04.20XX for being used in manufacturing all the three products – X, Y and Z	96,000
Machine 'D' purchased on April 1, 2 years before 01.04.20XX for being exclusively used in manufacturing product Z. From 01.04.20XX, such machine will also be used for manufacturing products X and Y.	1,92,000
Machine 'E' purchased on April 1, 3 years before 01.04.20XX for being exclusively used in manufacturing products X and Y. From 01.04.20XX, such machine will also be used for manufacturing product Z.	2,88,000

STUDY MATERIAL

46. X Ltd. a registered manufacturer engaged in taxable supply of goods procured the following goods during the month of October. The same has been capitalized in the books of accounts of X Ltd. Determine the amount of Input tax credit available by giving necessary explanations for treatment of various items.

	Inward supplies	GST (`)
(1)	Electrical transformers used in the factory	2,16,000
(2)	Moulds and dies used in the factory	26,000
(3)	Pollution control equipment used in the factory	2,34,000
(4)	Capital goods purchased on which depreciation has been taken on full value including input tax thereon	1,35,000
(5)	Capital goods used as parts purchased from supplier who paid tax of ` 10,000 under composition scheme and the composite tax has not been collected from X Ltd.	

47. Determine the amount of Input tax credit available to Kalyan Ltd. in respect of the following goods and services procured by them in the month of April 2019 :

	Inward supplies	GST (`)
(i)	Motor vehicles for transportation of persons having approved seating capacity of 7 persons (including driver)	70,000
(ii)	Motor bus for transportation of persons having approved seating capacity of 14 persons (including driver)	1,40,000
(iii)	Motor lorries for transportation of goods	2,80,000
(iv)	Food and Beverages procured from Sweet Caterers for being used in dealer's meet	48,000
(v)	Services of repair and maintenance of motor lorries used for transportation of goods	36,000
(Vi)	Services of general insurance of motor vehicles for transportation of persons having approved seating capacity of 7 persons (including driver)	18,000
(vii)	Services of servicing of motor vehicles for transportation of persons having approved seating capacity of 14 persons (including driver)	54,000

48. Determine the amount of Input tax credit available to Posco Ltd. in respect of the following items procured by them in the month of February 2020 :

	Inward supplies	GST (`)
(i)	Input used for the manufacture of the final product	72,000
	Food and Beverages procured from Sweet Caterers for employees under statutory	48,000
(ii)	obligation	
(iii)	Goods used for providing services during warranty period	12,000
(iv)	Goods used for setting up Telecommunication Towers being immovable property	90,000
(v)	Inputs stolen from the factory store	13,200

49. Determine the amount of Input tax credit admissible to PQR Ltd. in respect of the following goods procured by it in the month of January :

	Inward supplies	GST (`)
(1)	Goods used in constructing an additional floor of office building	28,800
(2)	Packing Materials used in a factory	6,000
(3)	Goods destroyed due to natural calamities	12,500
(4)	Goods used for repairing the office building and cost of such repairs is debited to profit	12,000
	and loss account	
(5)	Paper for photocopying machine used in Administrative Office	950
(6)	Goods given as gifts	25,000
(7)	Inputs used for tests or quality control check	15,600

Note: (i) All the conditions necessary for availing the ITC have been fulfilled, (ii) Registered Person is not eligible for any threshold exemption.

50. Determine the amount of Input tax credit admissible to P Ltd. in respect of the following items procured by them in the month of March :

	Inward supplies	GST (')
(1)	Goods supplied for captive consumption in a factory	9,800
(2)	Goods purchased for being used in repairing the factory shed and same has been capitalized in books	18,000
(3)	Cement used for making foundation and structural support to Plant and Machinery	14,000
(4)	Inputs used in trial runs	14,560
(5)	Food and beverages purchased for the employees during office hours not under statutory obligation	8,400

Note: (i) All the conditions necessary for availing the ITC have been fulfilled, (ii) Registered Person is not eligible for any threshold exemption.

51. An Elite Training institute provides service of training pilot in flying commercial aircraft so that candidates become eligible for obtaining Aviation license. Determine whether the institute is eligible to take credit on aircraft purchased for imparting training.

52. Krishna Motors is a car dealer selling cars of an international car company having seating capacity of 7 persons (excluding driver). It also provides maintenance and repair services of the cars sold by it as also of other cars. It seeks your advice on availability of ITC in respect of the following expenses incurred by it during the course of its business operations:

- (i) Cars purchased from the manufacturer for making further supply of such cars. Two of such cars are destroyed in accidents while being used for test drive by potential customers.
- (ii) Works contract services availed for constructing a car washing shed in its premises.

53. ABC Co. Ltd. is engaged in the manufacture of heavy machinery. It procured the following items during the month of July, 2019.

	Inward supplies	GST (')
(i)	Electrical transformers to be used in the manufacturing process	3,60,000
(ii)	Truck used for transportation of inputs in the factory	2,24,000
(iii)	Raw material	2,00,000
(iv)	Confectionery items for consumption of employees working in the factory under statutory obligation	25,000

Determine the amount of ITC available with ABC Co. Ltd., for the month of July by giving necessary explanations for treatment of various items.

Note :

- (1) All the conditions necessary for availing the ITC have been fulfilled.
- (2) ABC Co. Ltd. is not eligible for any threshold exemption.

54. XYZ Ltd., is engaged in manufacture of taxable goods. Compute the ITC available with XYZ Ltd. for the month of October, 2019 from the following particulars :

S.No.	Inward supplies	GST (T)	Remarks
(i)	Inputs 'X'	1,20,000	One invoice on which GST payable was ₹ 10,000, is missing
(ii)	Inputs 'Y'	1,00,000	Inputs are to be received in two instalments. First instalment has been received in October, 2019.
(iii)	Capital goods	1,80,000	XYZ Ltd. has capitalised the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value.
(iv)	Input services	2,50,000	One invoice dated 20-01-2019 on which GST payable was ₹ 50,000 has been received in October, 2019.

Note:

- (i) All the conditions necessary for availing the ITC have been fulfilled.
- (ii) XYZ Co. Ltd. is not eligible for any threshold exemption.
- (iii) The annual return for the financial year 2018-19 was filed on 15th September, 2019.

55. Compute the Input tax credit available with Ujjwal Motors Ltd., manufacturer of cars, in respect of the following services availed by it in the month of October, 2019 :

	Inward supplies	GST (T)
(i)	Accounting and Auditing Services	7,200
(ii)	Health insurance services for employees (<i>Services are not provided under Government obligation</i>)	16,200
(iii)	Routine maintenance of the cars manufactured by Ujjwal Motors Ltd.	18,000
(iv)	Repair services for office building (Cost of repairs is charged to Profit and loss Account)	14,400
(V)	Travel benefits extended to employees on vacation under statutory obligation	3,360
(Vi)	Testing services availed for car engines	9,000

Note: (1) All the conditions necessary for availing the ITC have been fulfilled.
(2) Registered Person is not eligible for any threshold exemption.

56. XYZ Ltd. engaged in supplying taxable goods has availed following services in month of September, 2019. Compute the input tax credit admissible on such input services.

Inward supplies	GST (T)

(1)	Sales promotion services	16,200
(2)	Health and fitness services availed from Physique Club for upkeep of health of their employees. The said services are not availed under Government obligation	10,800
(3)	Hiring of motor bus for transportation of employees. Seating capacity of motor bus is 40 passengers.	4,500
(4)	Market research services	10,080
(5)	Quality control services	18,000
(6)	Work contract services for construction of office building	45,000

Note: (i) All the conditions necessary for availing the ITC have been fulfilled,
(ii) Registered Person is not eligible for any threshold exemption.

57. XYZ Ltd., a manufacturer, which is engaged in supply of taxable goods has purchased 10,000 kg of inputs for ` 10,00,000 (exclusive of CGST @ 6% and SGST @ 6%) on which input tax credit has been taken. Due to technical changes in manufacturing process, the said inputs became obsolete and their value has been written off in the books of accounts. Explain Input tax credit treatment in above case.

58. XYZ Ltd. is engaged in supply of works contract services for construction of immovable property. It gives a part of the construction work to a sub-contractor. The sub-contractor charges GST in his invoice to XYZ Ltd. You are required to advise XYZ Ltd. if it can avail Input tax credit of the GST charged to it by the sub-contractor.

59. XYZ Ltd. is engaged in supply of passenger transportation services. In the month of September, 2019, it has purchased 10 motor cabs for ` 36,00,000 plus GST @ 28%. You are required to advise XYZ Ltd. if it can avail Input tax credit of the GST paid by it on motor cabs.

60. XYZ Ltd. conducted its 50th Annual General meeting at its head office in New Delhi and availed services of Delicious caterers on that occasion. Delicious caterers charged ` 15,00,000 plus GST @ 18% for the supply of outdoor catering services. You are required to advise XYZ Ltd. if it can avail Input tax credit of the GST paid on outdoor catering service.

61. CANWIN Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 2020 :

	Particulars	GST Paid
(i)	Purchase of Machinery where debit note is issued	1,15,000
(ii)	Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000
(iii)	Computers purchased (Depreciation was claimed on the said GST portion under the Income-tax Act, 1961)	50,000
(iv)	Works contract services availed for construction of Staff quarters within	4,25,000

the company premises	
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Determine the amount of ITC available to M/s. CANWIN Ltd. for the month of January 2020 by giving brief explanations for treatment of various items. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

62. Punjab National Bank provides the following information for the month of November, 2019 :

Particulars	CGST paid (`)	SGST paid (`)
Eligible Input tax (CGST and SGST) available on Inputs received	16,020	16,020
Eligible Input tax (CGST and SGST) available on Input Services availed	11,340	11,340
Value of taxable supply of services	11,00,000	-
Value of exempted supply of services	10,00,000	-

Determine the amount of Input tax credit available to Punjab National Bank for the month of November, 2019 and also determine net SGST and CGST liability.

63. Yes Bank, having a branch in Jaipur engaged in supply of services by way of accepting deposits and extending loans opted for the option to avail credit of 50% of input tax of the month to which input tax relates under Section 17(4). Its head office is in Mumbai and branch in Ahmedabad. Input tax credit (CGST & SGST) available for the month August, 2019 is ` 90,000 which includes :Total Input tax Credit includes credit relating to—

Particulars	Input tax (`) [CGST & SGST]
(1) Services availed from its distinct establishment i.e., from Mumbai Head office	18,000
(2) Outdoor catering services received for its employees (not under statutory obligation)	14,400
(3) Goods that has obsolete and whose value has been written off in books	2,500
(4) Auditing Services	22,500
(5) Goods which are used for personal use of employees	6,500

Determine the amount of input tax credit of August, 2019 that can be availed by Yes bank.

64. Determine the amount of input tax credit available to Suman who hired following services and purchased following goods in the month of January 2018:

GTA service hired. Under RCM 10,000 +5% GST

Outdoor catering hired for business use. --- 1,00,000+18% GST

Car hired for carrying employees.

From office to home and home to office 5,000+18% GST

Membership fee of a club. --- 2,00,000+18% GST

MTP DEC 19

65. Mr. X has cleared goods from his factory on 20th May 2019 for sale to Mr. Y for ₹8,00,000. Effective rate of eligible duties @ 12.5%. However, eligible duties ₹1,00,000 has been paid on 6th June 2019. The consignment received by Mr. Y on 5th July 2019.

Find the following:

- (i) Mr. Y is eligible for ITC if so what amounts?
- (ii) Time limit within which receipt of inputs should record in the books of account of Mr. Y.
- (iii) Mr. Y recorded receipt of inputs in the books of account on 15/8/2019, if so can he avail the ITC?

MTP JUNE 20

66. Comment with reason whether ITC available for following services:

- (1) Cement is used for construction of administration building.
- (2) Cement is used for foundation of pillars supporting a boiler.
- (3) Works contract services is provided by sub-contractor to a contractor.
- (4) Steel and other structural supports are used for Land, Building or any other civil structures; or setting up a telecommunication tower; or pipelines laid outside the factory premises.
- (5) GST paid on parts of telecommunication towers or parts of pipelines.
- (6) Works contract services availed for construction of staff quarters within the company premises.
- (7) Health and fitness services availed from Physique Club for upkeep of health of their employees, not under Government obligation

MTP JUNE 20

67. From the following informations, determine the amount of input tax credit admissible to ABC Ltd. in respect of various inputs purchased during the month of September, 2017.

Purchases	CGST & SGST (₹)
(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 IT Ltd. (Invoice of IT Ltd. is received in the month of September, 2017, but goods were received in month of October, 2017)	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, 2017.	36,000

MTP DEC 18

68. Aryan Ltd. is located in Kolkata and engaged in manufacture of mechanical appliances. It submits the following informations pertaining to inward supply of inputs/input services/ capital goods during September, 2018:

	Taxable value of inward supply (`)	GST charged by supplier (`)
Steel rods for manufacturing (received in factory on September 2, 2018) (invoice is missing, not available in the records of Aryan Ltd.)	7,50,000	1,35,000
Machine tools (received on September 7, 2018) (payment is made on January 10, 2019)	1,00,000	18,000
Stainless steel sheets (first installment received on September 24, 2018, second and final installment will be received on October 10, 2018) (invoice for both installments received on September 26, 2018, taxable value + GST: ` 5,90,000)	5,00,000	90,000
Air-conditioner for office (received in office on September 20, 2018) (for income-tax purpose, depreciation is claimed u/s 32 on ` 32,000)	25,000	7,000
Heating system for canteen (received on September 28, 2018, depreciation is claimed on taxable value excluding GST)	1,00,000	28,000
Corporate membership of Lions Club (it will be used by directors to entertain foreign collaborators only)	50,000	9,000

Calculate the amount of input tax credit available to Aryan Ltd.

MTP DEC 18

69. A garment factory receives a Government order for making uniforms for a defence personnel. This supply is exempt from tax under a special notification. The fabric is separately procured for the supply, but thread, buttons and lining material for the collars are the ones which are used for other taxable products of the factory. The turnover of the other garments of the factory and exempted uniforms in July is ` 8 crore and ` 2 crore respectively, the ITC on thread, button and lining material procured in July is ` 7,000, ` 21,000 and ` 17,000 respectively. Calculate the eligible ITC on thread and lining material.

MTP JUNE 18

70. M/s. Abishek Industries Ltd., has given the following information pertaining to the month of October, 2019:

Sl. No.	Particulars	Amount
1.	Total Input Tax Credit (ITC) on inputs and input services	18,00,000
2.	ITC attributable exclusively for non-business purposes (included)	1,50,000

	in S.No. 1 above)	
3.	ITC attributable exclusively for effecting exempt supplies (included in S. No. 1 above)	6,50,000
4.	ITC in respect of inputs on which credit is not available u/s.17(5) (included in S.No. 1 above)	50,000
5.	ITC attributable exclusively for effecting taxable supplies (included in S.No. 1 above)	5,50,000
6.	Total turnover	1,12,65,000
7.	Total value of exempt supplies	54,16,000

You are required to calculate the amount of common input tax credit to be reversed in respect of exempt supplies.

CMA INTER DEC-19 EXAM (10 MARKS)

71. Discuss the correctness of this statement. State with reasons whether input tax credit is available in respect of the following inward supplies:

- (i) Life Insurance Premium paid for the benefit of the employees working in granitemines, which is obligatory on the part of the company to provide this benefit under the State law.
- (ii) Membership fee paid to a fitness centre by a film stunt artist.
- (iii) Outdoor catering services paid towards supply of some special foods to a Restaurant, which has taken a contract for supply of food in a birthday party.
- (iv) Motor truck purchased by a timber dealer for transportation of timber.

CMA INTER JUNE 19 EXAM (7 MARKS)

72. State whether input tax credit is available in the following cases: $3+2+2=7$

- (i) Motor car purchased by driving school for imparting training to the customers. Whether your answer would be different if the motor car is purchased by a manufacturing company to be used by its Managing Director for official purposes.
- (ii) Amount spent for construction of factory building.
- (iii) Gift articles purchased on the occasion of Diwali to be distributed among the employees.

CMA INTER JUNE 18 EXAM (7 MARKS)

73. Mr. Lakshminarayanan is a registered supplier in the State of Orissa under the regular scheme. Following are the details of transaction entered into by him during the half year ended on 31st March, 2019:

Particulars	Amount (Rs.)
Intra-State supplies of product 'Sun' (GST rate 12%)	30,00,000
Intra-State supplies of product 'Moon' (GST payable by the recipient under reverse charge)	10,00,000
Export of product 'Sun' with payment of GST	5,00,000
Legal services received from an advocate for Product 'Sun'	2,00,000
Common inputs used for supplies of above (GST rate 12%)	25,00,000

You are required to determine the net GST liability for the above tax period. All amounts given above are excluding GST wherever applicable. GST rate on services is 18%, all

conditions for availing the ITC have been complied with. Turnover during the earlier financial year was Rs. 35 lakhs.

CMA FINAL DEC 19 EXAM (7 MARKS)

74. Mr. Nakul, a manufacturer of pesticides registered under the GST law, provides to you the following information pertaining to the GST paid by him in the month of January, 2019:

Particulars	Amount (Rs.)
GST on machinery purchased and sent directly to a job worker	1,20,000
GST on car purchased, exclusively used for business purchases	1,92,000
GST on raw materials purchased (Goods are received in lots/instalments and 25% of the materials were received in February, 2019)	5,50,000
GST on Medical insurance premium paid for the employees working in the factory. Providing this is optional and Mr. Nakul has taken out this measure to improve the relations with the labourers.	96,000

Compute the quantum of input tax credit available to Mr. Nakul for the given month, adducing detailed note for treatment of each item.

CMA FINAL DEC 19 EXAM (9 MARKS)

75. Hema Pesticides Pvt. Ltd., a registered person under the GST law, furnishes the following data for the GST paid by them in the month of November, 2018:

Particulars	Amount (₹)
GST on machinery purchased and used in the factory premises	92,000
GST on machinery purchased and sent directly to a job worker working for the company	42,000
GST on car purchased (Used mostly for business purposes; 25% usage estimated for personal use of the directors)	2,10,000
GST on raw materials purchased (Goods are received in lots/instalments and 25% of the materials were received in February, 2019).	2,00,000
In the earlier month, GST has been paid on another lot, for which 90% delivery had been completed then and in the current month, balance materials were received. GST paid in the earlier month was	1,60,000
GST on health insurance premium paid for the employees working in the factory. Providing this is optional and the company has taken out this measure to improve the relations with the labourers.	24,000

You are required to determine the quantum of input tax credit available to the above registered supplier for the given month.

CMA FINAL JUNE 19 EXAM (7 MARKS)

76. M/s Xylo Ltd. being a dealer in new cars sold a Petrol Car on which applicable GST rate is 28% and GST Cess rate is 1%. Transaction value is ₹ 5,00,000. Find the GST liability. Can input credit be availed on Cess paid on inward supplies of the car by the buyer if he is a car dealer?

CMA FINAL JUNE 19 EXAM (7 MARKS)

CONCEPT 8: INPUT TAX CREDIT: REVERSAL OF ITC

APART FROM GENERAL ITC RULE

AND LIST OF INELIGIBLE ITC,

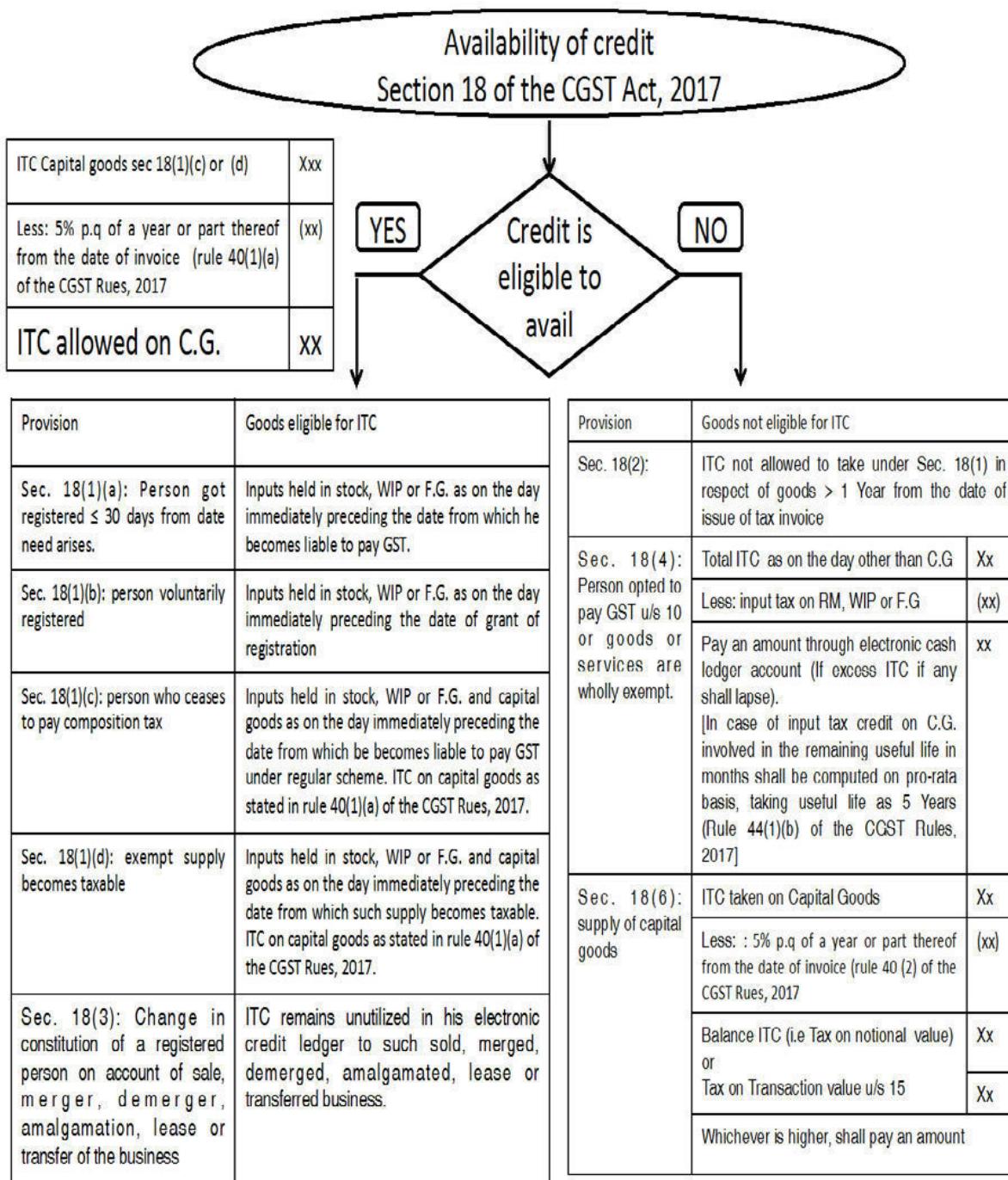
AVAILED ITC OF INPUT SUPPLIES

NEEDS TO BE REVERSED

ON SUBSEQUENT OCCURRENCE OF

THE BELOW-MENTIONED EVENT:

1. RECIPIENT OF SUPPLY DOESN'T PAY TO THE SUPPLIER WITHIN 180 DAYS OF ISSUE OF THE INVOICE.
2. RECIPIENT OF SUPPLY USES INPUT GOODS/SERVICES FOR ANY PURPOSE OTHER THAN BUSINESS OR FOR SUPPLYING EXEMPTED SUPPLIES [LIKE PERSONAL USE]
3. RECIPIENT OF SUPPLY USES CAPITAL GOODS FOR ANY PURPOSE OTHER THAN BUSINESS OR FOR SUPPLYING EXEMPTED SUPPLIES
4. A PERSON TRANSFER HIS REGULAR GST REGISTRATION INTO COMPOSITE SCHEME [U/S 18(4)] OR CANCELS GST REGISTRATION [U/S 29(5)]
5. A PERSON SELLS CAPITAL GOOD OR PLANT AND MACHINERY [U/S 18(6)].

CONCEPT 9:**INPUT TAX CREDIT: ITC IN SPECIAL CIRCUMSTANCES****SECTION 18**

**ENTITLEMENT OF ITC AT THE TIME OF REGISTRATION/VOLUNTARY REGISTRATION OR SWITCHING TO REGULAR TAX PAYING STATUS OR COMING INTO TAX-PAYING STATUS
[SUB-SECTIONS (1) AND (2) OF SECTION 18 READ WITH RULE 40 OF CGST RULES]**

CASE 1

PERSON WHO HAS APPLIED FOR REGISTRATION WITHIN 30 DAYS FROM THE DATE ON WHICH HE BECOMES LIABLE TO REGISTRATION AND HAS BEEN GRANTED SUCH REGISTRATION.

ITC ALLOWED ON
 ↓
 INPUTS HELD IN STOCK
 ↓
 AND INPUTS CONTAINED IN SEMI-FINISHED
 ↓
 OR FINISHED GOODS
 ↓
 HELD IN STOCK,
 ↓
 AS ON THE DAY IMMEDIATELY PRECEDING
 ↓
 THE DATE FROM WHICH
 ↓
 HE BECOMES LIABLE TO PAY TAX.
 ↓
 ITC TO BE AVAILED WITHIN 1 YEAR FROM THE DATE OF THE ISSUE OF THE TAX INVOICE BY THE SUPPLIER.

CASE 2

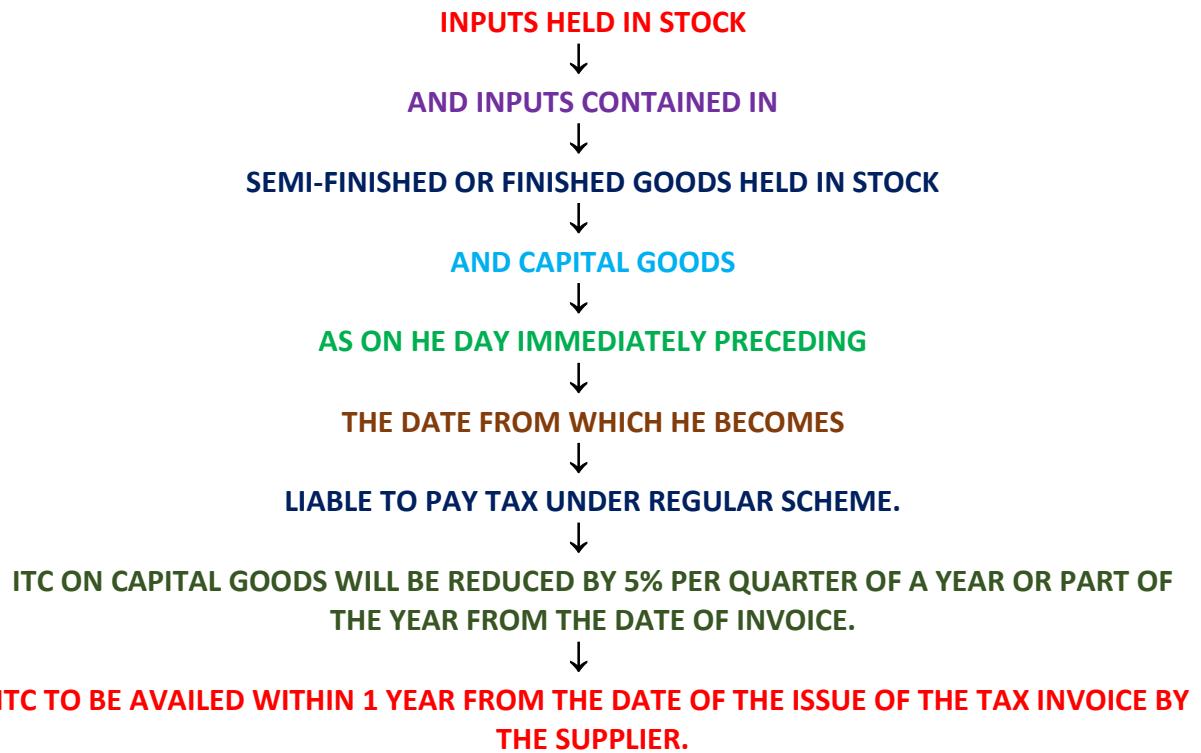
PERSON WHO IS NOT REQUIRED TO REGISTER, BUT OBTAINS VOLUNTARY REGISTRATION

ITC ALLOWED ON
 ↓
 INPUTS HELD IN STOCK
 ↓
 AND INPUTS CONTAINED IN SEMI-FINISHED
 ↓
 OR FINISHED GOODS
 ↓
 HELD IN STOCK,
 ↓
 AS ON THE DAY IMMEDIATELY PRECEDING
 ↓
 THE DATE OF REGISTRATION
 ↓

ITC TO BE AVAILED WITHIN 1 YEAR FROM THE DATE OF THE ISSUE OF THE TAX INVOICE BY THE SUPPLIER.

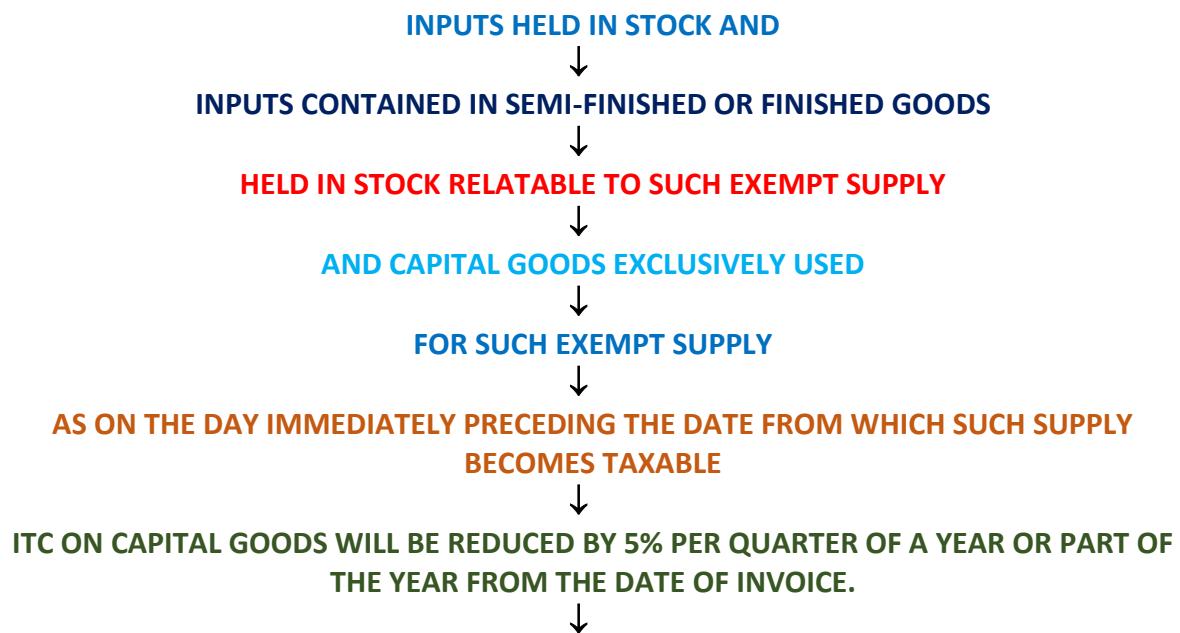
CASE 3

REGISTERED PERSON WHO CEASES TO PAY COMPOSITION TAX AND SWITCHES TO REGULAR SCHEME



CASE 4

REGISTERED PERSON WHOSE EXEMPT SUPPLIES BECOME TAXABLE SUPPLIES



ITC TO BE AVAILED WITHIN 1 YEAR FROM THE DATE OF THE ISSUE OF THE TAX INVOICE BY THE SUPPLIER.

NOTE :

In all the above 4 cases, the registered person has to make an electronic declaration in the prescribed form on the common portal, clearly specifying the details relating to the inputs held in stock, inputs contained in semi-finished or finished goods held in stock and capital goods.

The declaration is to be filed within 30 days (extendable by Commissioner/Commissioner of State GST/Commissioner of UTGST) from the date when the registered person becomes eligible to avail ITC.

If the claim of ITC pertaining to CGST, SGST/UTGST, IGST put together exceeds ` 2,00,000, the declaration needs to be certified by a practicing Chartered Accountant/Cost Accountant.

**REVERSAL OF ITC ON SWITCHING TO COMPOSITION LEVY OR EXIT FROM TAX PAYING STATUS
[SECTION 18(4) READ WITH RULE 44 OF CGST RULES]**

ITC ON INPUTS SHOULD BE REVERSED PROPORTIONATELY
 ↓
ON THE BASIS OF CORRESPONDING INVOICES
 ↓
ON WHICH CREDIT HAD BEEN AVAILED ON SUCH INPUTS.
 ↓
ITC INVOLVED IN THE REMAINING USEFUL LIFE (IN MONTHS)
 ↓
OF THE CAPITAL GOODS SHOULD BE REVERSED
 ↓
ON PRO-RATA BASIS,
 ↓
TAKING THE USEFUL LIFE AS 5 YEARS.

EXAMPLE

Capital goods have been in use for 4 years, 6 month and 15 days.

The useful remaining life in months = 5 months ignoring a part of the month.

ITC taken on such capital goods = C

ITC attributable to remaining useful life = $C \times 5/60$

AMOUNT PAYABLE ON SUPPLY OF CAPITAL GOODS OR PLANT AND MACHINERY**ON WHICH ITC HAS BEEN TAKEN****[SECTION 18(6) READ WITH RULE 40(2) & RULE 44(6) OF CGST RULES]****IF CAPITAL GOODS OR PLANT AND MACHINERY****ON WHICH ITC HAS BEEN TAKEN ARE****SUPPLIED OUTWARD BY THE REGISTERED PERSON,****HE MUST PAY AN AMOUNT THAT IS****THE HIGHER OF THE FOLLOWING:**

↓ ITC TAKEN ON SUCH GOODS REDUCED BY 5% PER QUARTER OF A YEAR OR PART THEREOF FROM THE DATE OF ISSUE OF INVOICE FOR SUCH GOODS (I.E., ITC PERTAINING TO REMAINING USEFUL LIFE OF THE CAPITAL GOODS TO BE TAKEN AS 5 YEARS), OR

↓ TAX ON TRANSACTION VALUE

TRANSFER OF ITC ON ACCOUNT OF CHANGE IN CONSTITUTION OF REGISTERED PERSON**[SECTION 18(3) READ WITH RULE 41 OF CGST RULES]****IN CASE OF SALE, MERGER, DEMERGER, AMALGAMATION, TRANSFER OR CHANGE IN OWNERSHIP OF BUSINESS ETC.,****THE ITC THAT REMAINS UNUTILIZED IN THE ELECTRONIC CREDIT LEDGER OF THE REGISTERED PERSON****CAN BE TRANSFERRED TO THE NEW ENTITY,****PROVIDED THERE IS A SPECIFIC PROVISION FOR TRANSFER OF LIABILITIES IN SUCH CHANGE OF CONSTITUTION.**

PRACTICAL EXAMPLES

1. M/s X Ltd. becomes liable to pay tax on 1st December and has obtained registration on 15th December. The GST paid goods lying in the premises of M/s X Ltd. as on 30th November are as follows:

Particulars	Value in ` (Excluding tax)	GST `
Raw material	2,00,000	36,000
Capital goods	5,00,000	1,40,000
Raw material lying work in progress	3,00,000	54,000
Raw material lying in Finished Goods	12,00,000	2,16,000

You are required to answer the following:

- (a) Eligible amount of input tax credit.
- (b) Time limit to submit declaration on common portal.
- (c) Whether any certification required while availing the credit, if so from whom.

STUDY MATERIAL

MTP JUNE 20

2. Mr. A applies for voluntary registration on 22nd November and obtained registration on 25th November. Mr. A has stock on the following two dates:

Date	Opening balance (units)	Purchased (units)	Sold (units)
21st November	12,000	20,000	8,000

On 24th November, Mr. A purchased 5,000 units and sold 15,000 units.

On 24th November, Mr. A is also purchased plant and machinery for ` 2,00,000 plus GST 28%. Mr. A purchased good at uniform rate through out the year at ` 100 per unit plus GST paid 18%. You are required to find the eligible input tax credit to Mr. A.

STUDY MATERIAL

3. Mr. C a registered taxable person, was paying tax at composition scheme upto 30th July. However, w.e.f. 31st July, Mr. C becomes liable to pay tax under regular scheme.

Other information:

- (a) Input as on 30th July for ` 3,54,000 (inclusive of GST paid @18%).
- (b) Capital goods purchased for ` 5,00,000 (invoice date 22nd April 2017, GST 18%)

Find the eligible ITC to Mr. C.

Note: Mr. C not availed depreciation on the GST paid on capital goods.

STUDY MATERIAL

CMA INTER DEC 18 EXAM (5 MARKS)

4. M/s A Ltd. sold plant and machinery after being used in the manufacture of taxable goods for ` 4,00,000 on 1st November 2018. GST is payable on transaction value of plant and machinery 18%. M/s A Ltd. was purchased this machine vide invoice dated 22nd November 2017 for ` 5,50,000/- plus GST 18%. M/s A Ltd. availed the credit on said plant and machinery. Find the amount payable by M/s A Ltd. under section 18(6) of the CGST Act, 2017.

STUDY MATERIAL

CMA FINAL DEC 18 EXAM (7 MARKS)

5. The goods manufactured by Royal Ltd. have been exempted from GST with effect from 15th November 2017. Earlier these goods were liable to tax @18%. Its inputs were liable to GST @12%. Following information is supplied on 15th November 2017:

- (i) The inputs costing `1,44,720 are lying in stock.
- (ii) The inputs costing `77,184 are in process.
- (iii) The finished goods valuing `4,82,400 are in stock, the input cost is 50% of the value.
- (iv) The balance in electronic credit ledger account shows credit balance of `2,79,104.
- (v) Royal Ltd. also purchased capital goods for ` 2,00,000 by paying GST 28% (invoice dated 10th July 2017)

The department has asked Royal Ltd. to reverse the credit taken on inputs referred above. However, Royal Ltd. contends that credit once validly taken is indefeasible and not required to be reversed. Decide. What would be your answer if the balance in electronic credit ledger receivable account as on 15th November 2017 were ` 29,104?

STUDY MATERIAL
MTP JUNE-20
MTP JUNE 19

6. R Ltd. provides the following information:

Date of invoice in respect of purchase of Plant and Machinery	01.11.2018
(Life of Plant and Machinery is five years)	
Value of Plant and Machinery excluding GST	20,00,000
GST charged in respect of Plant and Machinery @ 18%	3,60,000
Date of supply of Plant and Machinery owing to obsolescence	10.01.2020
Value of outward supply of Plant and Machinery	12,00,000

Determine how much amount of GST to be paid on the supply of such machine.

CMA INTER JUNE 19 EXAM (8 MARKS)

CONCEPT 10:

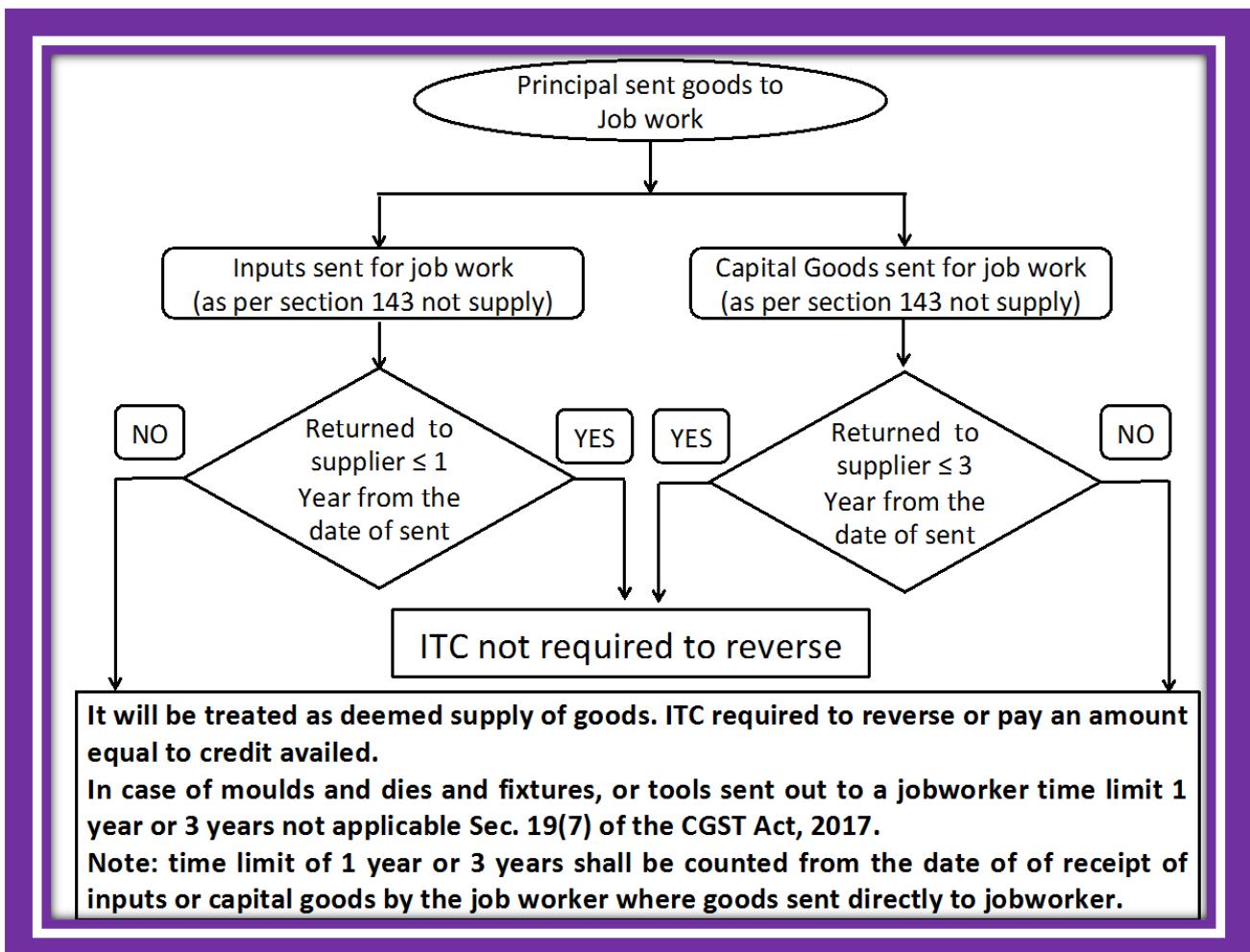
INPUT TAX CREDIT: ITC IN JOBWORKSECTION 19

THE PRINCIPAL IS ALLOWED TO TAKE

INPUT TAX CREDIT

ON INPUTS AND CAPITAL GOODS

SENT TO A JOB WORKER FOR JOB WORK.



- ❖ THIS 1 YEAR AND 3 YEARS COUNTING WILL START FROM THE DATE OF DISPATCH IN CASE THE GOODS ARE SENT BY PRINCIPAL TO JOB WORKER.
- ❖ AND, IN CASE OF DISPATCH BY SUPPLIER DIRECTLY TO JOB WORKER, COUNTING WILL BEGIN FROM DATE OF RECEIPT BY JOB WORKER AND NOT BY DATE OF DISPATCH.

PRACTICAL EXAMPLES

1. M/s X Ltd. has supplied inputs to job worker M/s Y Ltd on 25th August 2017. These inputs not received back till 24th August 2018 by M/s X Ltd., after processing. Find the consequences in this regards?

STUDY MATERIAL

2. M/s X Ltd. (i.e. seller) supplied capital goods on 20th August 2017 directly to job worker M/s Y Ltd and the same received on 25th August 2017 by the job worker, based on the directions of M/s Z (i.e. Buyer-Principal). These capital goods not received back till 24th August 2020 by M/s Z Ltd. after processing. Find the consequences in this regards?

STUDY MATERIAL

3. A Ltd sends the goods to B & co. for making finished goods on 30/07/2017. What are the tax implications, in the following cases if GST @ 18% is levied.

- a) B & co. sends the goods back to A Ltd within one year of being sent.
b) B & co. sells the goods directly to the customer in behalf of A Ltd.

STUDY MATERIAL

4. A Ltd sends the goods/inputs to B & co. for further processing on 30/08/2017. The value of goods sent for jobwork is Rs. 100,000. What are the tax implications, in the following cases, if GST @ 18% is levied.

- A) B & co. sends the processed good back to A Ltd on 30/10/2017.
B) B & co. send the processed good back to A Ltd on 30/10/2018.

STUDY MATERIAL

5. P Ltd send the machinery to R & co. for fixing of some technical issue and maintenance on 15/08/2017. The value of goods sent to R & co. is Rs. 100,000. What are the tax implications, in the following cases.

- A) R & co. sends the machinery back to 30/12/2018
B) R & co. sends the machinery back to 30/12/2020

STUDY MATERIAL

6. A Pvt Ltd., a registered manufacturer, sent steel cabinets worth Rs. 50 Lakh under a delivery challan to M/s B tools, a registered job worker, for work on 28/01/2018. The scope of job work included mounting the steel cabinets on a metal frame and spending the mounted panels back to A Pvt Ltd., The metal frame is to be supplied by M/s B Tools has agreed to a consideration of Rs. 5 Lakhs for the entire mounting activity including the supply of metal frame. During the course of mounting activity, metal waste is generated which is should be M/s B tools for Rs. 45,000. M/s B Tools sent the steel cabinets mounted on the metal frame of A Pvt Ltd., on 31/12/2018. Assuming GST Rate for metal frame is 28% for metal waste as 12% and standard rate for services as 18%, you are required to compute the GST liability of M/s B Tools. Also, give reasons for inclusion or exclusion of the value of cabinets in the job charges for the purpose of payment of GST by M/s B Tools.

STUDY MATERIAL

7. Sabhayataa Manufacturers received some inputs on 15-07-2019 and immediately availed input tax credit of the CGST and SGST of ` 1,32,000 paid on those inputs. On 20-07-2019 it sent the inputs to a job worker outside its factory for carrying out machining on the inputs and same were received by the Job worker on 22-07-2019. The job worker returned the inputs on 05-07-2020 after carrying out the machining work on the inputs. Discuss whether Sabhayataa Manufacturers is required to take any further action with respect to the Input tax credit availed by it. What would your answer be if such inputs were received back from Job worker on 05-08-2020.
8. What would your answer be in above case if inputs are sent directly to premises of registered Job worker without being first taken to stock by Sabhayataa manufacturer. The goods were cleared from the supplier on 20-07-2019 but received by Job worker on 26-07-2019. The job worker carried out the job work of machining and supplied the goods after machining to XYZ Traders on 23-07-2020 on payment of tax on directions of Sabhayataa manufacturers. Discuss ITC implications.
9. PQR Manufacturers, a registered person, instructs the supplier to send the capital goods directly to SS Ltd., a job worker outside its factory premises for carrying out the certain operations on the goods. The goods were sent by the supplier on 15-09-2019 and were received by SS Ltd. on 20-09-2019. The job worker, SS Ltd., carried out the job work but did return the capital goods to their Principal PQR Manufacturers. Discuss whether PQR manufacturers are eligible to retain the input tax credit availed by them on the capital goods. What action under the GST Act is required to be taken by PQR manufacturers. What would your answer be if in place of capital goods jigs and fixtures are supplied to the job worker and the same has not been returned to the Principal.
10. PP Ltd. sends the goods to JB & Co. for making finished goods on 30-07-2019. What are the tax implications, in the following cases if GST @ 18% is levied :
 (i) JB & Co. sends the goods back to PP Ltd within one year of being sent.
 (ii) JB & Co. sells the goods directly to the customer on behalf of PP Ltd.
 Make suitable assumptions as required.
11. P Ltd. sends the goods/inputs to JB & Co. for further processing on 30-08-2019. The value of goods sent for Job work is ` 1,00,000. What are the tax implications, in following cases, if GST @ 18% is levied:
 (i) JB & Co. sends the processed goods back to P Ltd on 30-10-2019
 (ii) JB & Co. sends the processed goods back to P Ltd on 30-10-2021 and extension of one year has been obtained from the Commissioner. Make suitable assumptions as required.
12. P Ltd. sends the machinery to Q & Co. for fixing of some technical issue and maintenance on 15-08-2019. The value of goods sent to Q & Co. is ` 1,00,000/-. What are the tax implications, in the following cases :
 (i) Q & Co. sends the machinery back to P Ltd. on 30-12-2020

(ii) Q & Co. sends the machinery back to P Ltd. on 30-09-2022. No extension has been obtained from the Commissioner. Make suitable assumptions as required.

13. Alok Pvt. Ltd., a registered manufacturer, sent steel cabinets worth ` 50 lakh under a delivery challan to M/s. Prem Tools, a registered job worker, for work on 28-01-2020. The scope of job work included mounting the steel cabinets on a metal frame and sending the mounted panels back to Alok Pvt. Ltd. The metal frame is to be supplied by M/s. Prem Tools. M/s. Prem Tools has agreed to a consideration of ` 5 lakh for the entire mounting activity including the supply of metal frame. During the course of mounting activity, metal waste is generated which is sold by M/s. Prem Tools for ` 45,000. M/s. Prem Tools sent the steel cabinets mounted on the metal frame of Alok Pvt. Ltd. on 03-12-2020. Assuming GST rate for metal frame as 28%, for metal waste as 12% and standard rate for services as 18%, you are required to compute the GST liability of M/s. Prem Tools. Also, give reason(s) for inclusion or exclusion of the value of cabinets in the job charges for the purpose of payment of GST by M/s. Prem Tools.

14. Sudama Industries Ltd., registered in the State of Jammu & Kashmir, manufactures plastic pipes for other suppliers on job-work basis. On 10-01-2020, Plasto Manufacturers (registered in the State of Himachal Pradesh) sent plastic worth ` 4 lakh and moulds worth ` 50,000, free of cost, to Sudama Industries Ltd. to make plastic pipes. Sudama Industries Ltd. also used its own material - a special type of lamination material for coating the pipes - worth ` 1 lakh in the manufacture of pipes. It raised an invoice of ` 2 lakh as job charges for making pipes and returned the manufactured pipes through challan to Plasto Manufacturers on 20-10-2020. The same quality and quantity of plastic pipes, as was made for Plasto Manufacturers, were made by Sudama Industries Ltd. from its own raw material and sold to Solid Pipes (registered in Jammu and Kashmir) for ` 7.5 lakh on 20-10-2020. Examine the scenario and offer your views on the following issues with reference to the provisions relating to job work under the GST laws:

- (i) Is there any difference between the manufacture of plastic pipes by Sudama Industries Ltd. for Plasto Manufacturers and for Solid Pipes?
- (ii) Whether Sudama Industries Ltd. can use its own material even when it is manufacturing the plastic pipes on job-work basis?
- (iii) Whether sending the plastic and moulds to Sudama Industries Ltd. by Plasto Manufacturers is a supply and a taxable invoice needs to be issued for the same?
- (iv) Whether Sudama Industries Ltd. should include the value of free of cost plastic supplied by Plasto Manufacturers in its job charges?

CONCEPT 11:

INPUT TAX CREDIT: ITC ISD SECTION 19

THE INPUT SERVICE DISTRIBUTOR MAY DISTRIBUTE THE CREDIT SUBJECT TO THE FOLLOWING CONDITIONS, NAMELY: —

- (A) THE CREDIT CAN BE DISTRIBUTED TO THE RECIPIENTS OF CREDIT AGAINST A DOCUMENT CALLED ISD INVOICE.
- (B) THE AMOUNT OF THE CREDIT DISTRIBUTED SHALL NOT EXCEED THE AMOUNT OF CREDIT AVAILABLE FOR DISTRIBUTION;
- (C) THE CREDIT OF TAX PAID ON INPUT SERVICES ATTRIBUTABLE TO A RECIPIENT OF CREDIT SHALL BE DISTRIBUTED ONLY TO THAT RECIPIENT;
- (D) THE CREDIT OF TAX PAID ON INPUT SERVICES ATTRIBUTABLE TO MORE THAN ONE RECIPIENT OF CREDIT SHALL BE DISTRIBUTED AMONGST SUCH RECIPIENTS PROPORTIONATELY ON THE BASIS OF TURNOVER.

CONTENTS OF ISD INVOICE

- (I) NAME, ADDRESS AND GSTIN OF THE REGISTERED PERSON HAVING THE SAME PAN AND SAME STATE CODE AS THE ISD;
- (II) A CONSECUTIVE SERIAL NUMBER NOT EXCEEDING 16 CHARACTERS, IN ONE OR MULTIPLE SERIES, CONTAINING ALPHABETS OR NUMERALS OR SPECIAL CHARACTERS - HYPHEN OR DASH AND SLASH SYMBOLISED AS “-” AND “/” RESPECTIVELY, AND ANY COMBINATION THEREOF, UNIQUE FOR A FINANCIAL YEAR;
- (III) DATE OF ITS ISSUE;
- (IV) GSTIN OF SUPPLIER OF COMMON SERVICE AND ORIGINAL INVOICE NUMBER WHOSE CREDIT IS SOUGHT TO BE TRANSFERRED TO THE ISD;
- (V) NAME, ADDRESS AND GSTIN OF THE ISD;
- (VI) TAXABLE VALUE, RATE AND AMOUNT OF THE CREDIT TO BE TRANSFERRED; AND
- (VII) SIGNATURE OR DIGITAL SIGNATURE OF THE REGISTERED PERSON OR HIS AUTHORIZED REPRESENTATIVE.

PRACTICAL EXAMPLES

1. M/S X LTD. INCORPORATED IN BANGALORE, WITH ITS BUSINESS LOCATIONS OF SELLING AND SERVICING OF GOODS IN BANGALORE, CHENNAI, MUMBAI AND KOLKATA. M/S X LTD. AN ISD SITUATED IN BANGALORE RECEIVES INVOICES INDICATING ` 4 LAKHS OF CENTRAL TAX, ` 4 LAKHS OF STATE TAX AND ` 7 LAKHS OF INTEGRATED TAX ON INPUT SERVICE. INPUT SERVICES COMMONLY USED BY THE UNITS OF M/S X LTD. HOW THESE TAXES ARE DISTRIBUTED BY M/S X LTD. TO THEIR OTHER UNITS.

CMA STUDY MATERIAL

2. M/s XYZ Ltd, having its head Office at Mumbai, is registered as ISD. It has three units in different states namely 'Mumbai', 'Chennai' and 'Delhi' which are operational in the current year. M/s XYZ Ltd furnishes the following information for the month of December 20XX. You are required to distribute the below input tax credit.

(ii) CGST and SGST paid on services used only for Mumbai Unit: `3,00,000/-

(ii) IGST, CGST & SGST paid on services used for all units: `12,00,000/-

Total Turnover of the units for the preceding Financial Year are as follows: -

Unit	Turnover in `
Turnover of Mumbai unit	5,00,00,000
Turnover of Chennai	3,00,00,000
Turnover of Delhi	2,00,00,000
Total turnover	10,00,00,000

CMA STUDY MATERIAL

MTP JUNE 19

CMA INTER JUNE 18 EXAM (7 MARKS)

CONCEPT 12:

INPUT TAX CREDIT: 20% RULE SECTION 16

RULE 36(4) –

INPUT TAX CREDIT TO BE AVAILED BY A REGISTERED PERSON



IN RESPECT OF INVOICES OR DEBIT NOTES,



THE DETAILS OF WHICH HAVE NOT BEEN UPLOADED



BY THE SUPPLIERS IN THEIR GSTR-1,



SHALL NOT EXCEED 20 PERCENT



OF THE ELIGIBLE CREDIT AVAILABLE



IN RESPECT OF INVOICES OR DEBIT NOTES



THE DETAILS OF WHICH HAVE BEEN UPLOADED



BY THE SUPPLIERS.



EFFECTIVELY ITC SHALL NOT EXCEED 20% OF THE ELIGIBLE CREDIT REFLECTED IN GSTR-2A.

**FAQ RELEASED BY CBIC
(AS IT IS)**

WHAT ARE THE INVOICES/DEBIT NOTES ON WHICH THE RESTRICTION UNDER RULE 36(4) OF THE CGST RULES SHALL APPLY?

THE RESTRICTION OF AVALIMENT OF ITC IS IMPOSED ONLY IN RESPECT OF THOSE INVOICES/DEBIT NOTES, DETAILS OF WHICH ARE REQUIRED TO BE UPLOADED BY THE SUPPLIERS AND WHICH HAVE NOT BEEN UPLOADED.

THEREFORE, TAXPAYERS MAY AVAIL FULL ITC IN RESPECT OF IGST PAID ON IMPORT DOCUMENTS ISSUED UNDER RCM, CREDIT RECEIVED FROM ISD ETC. WHICH ARE OUTSIDE THE AMBIT OF SUB-SECTION (1) OF SECTION 37, PROVIDED THAT ELIGIBILITY CONDITIONS FOR AVALIMENT OF ITC ARE MET IN RESPECT OF THE SAME. THE RESTRICTION OF 36(4) WILL BE APPLICABLE ONLY ON THE INVOICES / DEBIT NOTES ON WHICH CREDIT IS AVAILED AFTER 09.10.2019.

WHETHER THE SAID RESTRICTION IS TO BE CALCULATED SUPPLIERWISE OR ON CONSOLIDATED BASIS?

THE RESTRICTION IMPOSED IS NOT SUPPLIER WISE.

THE CREDIT AVAILABLE UNDER SUBRULE(4) OF RULE 36 IS LINKED TO TOTAL ELIGIBLE CREDIT FROM ALL SUPPLIERS AGAINST ALL SUPPLIES WHOSE DETAILS HAVE BEEN UPLOADED BY THE SUPPLIERS.

FURTHER, THE CALCULATION WOULD BE BASED ON ONLY THOSE INVOICES WHICH ARE OTHERWISE ELIGIBLE FOR ITC. ACCORDINGLY, THOSE INVOICES ON WHICH ITC IS NOT AVAILABLE UNDER ANY OF THE PROVISION (SAY UNDER SUB-SECTION (5) OF SECTION 17) WOULD NOT BE CONSIDERED FOR CALCULATING 20 PER CENT. OF THE ELIGIBLE CREDIT AVAILABLE.

FORM GSTR-2A BEING A DYNAMIC DOCUMENT, WHAT WOULD BE THE AMOUNT OF INPUT TAX CREDIT THAT IS ADMISSIBLE TO THE TAXPAYERS FOR A PARTICULAR TAX PERIOD IN RESPECT OF INVOICES/DEBIT NOTES WHOSE DETAILS HAVE NOT BEEN UPLOADED BY THE SUPPLIERS?

THE AMOUNT OF INPUT TAX CREDIT IN RESPECT OF THE INVOICES / DEBIT NOTES WHOSE DETAILS HAVE NOT BEEN UPLOADED BY THE SUPPLIERS SHALL NOT EXCEED 20% OF THE ELIGIBLE INPUT TAX CREDIT AVAILABLE TO THE RECIPIENT IN RESPECT OF INVOICES OR DEBIT NOTES THE DETAILS OF WHICH HAVE BEEN UPLOADED BY THE SUPPLIERS UNDER SUB-SECTION (1) OF SECTION 37 AS ON THE DUE DATE OF FILING OF THE RETURNS IN FORM GSTR-1 OF THE SUPPLIERS FOR THE SAID TAX PERIOD. THE TAXPAYER MAY HAVE TO ASCERTAIN THE SAME FROM HIS AUTO POPULATED FORM GSTR 2A AS AVAILABLE ON THE DUE DATE OF FILING OF FORM GSTR-1 UNDER SUB-SECTION (1) OF SECTION 37.

HOW MUCH ITC A REGISTERED TAX PAYER CAN AVAIL IN HIS FORM GSTR-3B IN A MONTH INCASE THE DETAILS OF SOME OF THE INVOICES HAVE NOT BEEN UPLOADED BY THE SUPPLIERS UNDER SUBSECTION(1) OF SECTION 37.

SUB-RULE (4) OF RULE 36 PRESCRIBES THAT THE ITC TO BE AVAILED BY A REGISTERED PERSON IN RESPECT OF INVOICES OR DEBIT NOTES, THE DETAILS OF WHICH HAVE NOT BEEN UPLOADED BY THE SUPPLIERS UNDER SUB-SECTION (1) OF SECTION 37, SHALL NOT EXCEED 20 PER CENT. OF THE ELIGIBLE CREDIT AVAILABLE IN RESPECT OF INVOICES OR DEBIT NOTES THE DETAILS OF WHICH HAVE BEEN UPLOADED BY THE SUPPLIERS UNDER SUB-SECTION (1) OF SECTION 37. THE ELIGIBLE ITC THAT CAN BE AVAILED IS EXPLAINED BY WAY OF ILLUSTRATIONS, IN A TABULATED FORM, BELOW.

IN THE ILLUSTRATIONS, SAY A TAXPAYER "R" RECEIVES 100 INVOICES (FOR INWARD SUPPLY OF GOODS OR SERVICES) INVOLVING ITC OF ` 10 LAKHS, FROM VARIOUS SUPPLIERS DURING THE MONTH OF OCT, 2019 AND HAS TO CLAIM ITC IN HIS FORM GSTR-3B OF OCTOBER, TO BE FILED BY 20TH NOV, 2019.

	DETAILS OF SUPPLIERS' INVOICES FOR WHICH RECIPIENT IS ELIGIBLE TO TAKE ITC	20% OF ELIGIBLE CREDIT WHERE INVOICES ARE UPLOADED	ELIGIBLE ITC TO BE TAKEN IN GSTR-3B TO BE FILED BY 20TH NOV.
CASE 1	SUPPLIERS HAVE FURNISHED IN FORM GSTR-1 80 INVOICES INVOLVING ITC OF ` 6 LAKHS AS ON THE DUE DATE OF FURNISHING OF THE DETAILS OF OUTWARD SUPPLIES BY THE SUPPLIERS.	1,20,000	` 6,00,000 (I.E. AMOUNT OF ELIGIBLE ITC AVAILABLE, AS PER DETAILS uploaded by the suppliers) + ` 1,20,000 (I.E. 20% OF AMOUNT OF ELIGIBLE ITC AVAILABLE, AS PER DETAILS uploaded by the suppliers) = 0.20 ` 7,20,000/-
CASE 2	SUPPLIERS HAVE FURNISHED IN FORM GSTR-1 80 INVOICES INVOLVING ITC OF ` 7 LAKHS AS ON THE DUE DATE OF FURNISHING OF THE DETAILS OF OUTWARD SUPPLIES BY THE SUPPLIERS.	1,40,000	` 7,00,000 + ` 1,40,000 = ` 8,40,000/-
CASE 3	SUPPLIERS HAVE FURNISHED IN FORM GSTR-1 75 INVOICES HAVING ITC OF `	1,70,000	` 8,50,000/- + ` 1,50,000/- * = ` 10,00,000 * THE ADDITIONAL AMOUNT OF ITC

	8.5LAKHS AS ON THE DUE DATE OF FURNISHING OF THE DETAILS OF OUTWARD SUPPLIES BY THE SUPPLIERS.		AVAILED SHALL BE LIMITED TO ENSURE THAT THE TOTAL ITC AVAILED DOES NOT EXCEED THE TOTAL ELIGIBLE ITC.
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WHEN CAN BALANCE ITC BE CLAIMED IN CASE AVAILMENT OF ITC IS RESTRICTED AS PER THE PROVISIONS OF RULE 36(4)?

THE BALANCE ITC MAY BE CLAIMED BY THE TAXPAYER IN ANY OF THE SUCCEEDING MONTHS PROVIDED DETAILS OF REQUISITE INVOICES ARE uploaded BY THE SUPPLIERS.

HE CAN CLAIM PROPORTIONATE ITC AS AND WHEN DETAILS OF SOME INVOICES ARE uploaded BY THE SUPPLIERS PROVIDED THAT CREDIT ON INVOICES, THE DETAILS OF WHICH ARE NOT uploaded (UNDER SUB-SECTION (1) OF SECTION 37) REMAINS UNDER 20 PER CENT OF THE ELIGIBLE INPUT TAX CREDIT, THE DETAILS OF WHICH ARE uploaded BY THE SUPPLIERS. FULL ITC OF BALANCE AMOUNT MAY BE AVAILED, IN PRESENT ILLUSTRATION BY "R", IN CASE TOTAL ITC PERTAINING TO INVOICES THE DETAILS OF WHICH HAVE BEEN uploaded REACHES ` 8.3 LAKHS (` 10 LAKHS / 1.20).

IN OTHER WORDS, TAXPAYER MAY AVAIL FULL ITC IN RESPECT OF A TAX PERIOD, AS AND WHEN THE INVOICES ARE uploaded BY THE SUPPLIERS TO THE EXTENT ELIGIBLE ITC/ 1.2. THE SAME IS EXPLAINED FOR CASE NO. 1 AND 2 OF THE ILLUSTRATIONS PROVIDED AT SL.NO.3 ABOVE AS UNDER:

CASE 1

"R" MAY AVAIL BALANCE ITC OF ` 2.8 LAKHS IN CASE SUPPLIERS UPLOAD DETAILS OF SOME OF THE INVOICES FOR THE TAX PERIOD INVOLVING ITC OF ` 2.3 LAKHS OUT OF INVOICES INVOLVING ITC OF ` 4 LAKHS DETAILS OF WHICH HAD NOT BEEN uploaded BY THE SUPPLIERS. [` 6 LAKHS + ` 2.3 LAKHS = ` 8.3 LAKHS]

CASE 2

"R" MAY AVAIL BALANCE ITC OF ` 1.6 LAKHS IN CASE SUPPLIERS UPLOAD DETAILS OF SOME OF THE INVOICES INVOLVING ITC OF ` 1.3 LAKHS OUT OF OUTSTANDING INVOICES INVOLVING RS. 3 LAKHS. [` 7 LAKHS + ` 1.3 LAKHS = ` 8.3 LAKHS]

REGISTRATION UNDER GST

INTRODUCTION

* Why Registration is fundamental requirement?

Registration is the most fundamental requirement for identification of taxpayers.

* What will be consequence in case of non-registration?

Without registration, a person can

→ neither collect tax from his customers

→ nor claim any Input tax credit of tax paid by him.

* What do we actually mean by the word registration?

→ Obtaining a unique number from

→ for the purpose of collecting tax

→ on behalf of the government and

→ to avail Input tax credit

ADVANTAGES OF GST REGISTRATION

- * Legal Recognition as supplier
- * claiming ITC
- * Eligible to apply for Government bids/ contracts
- * Legal Authorisation to collect taxes from his customers and pass on ITC
- * Seamless flow of ITC
- * Registered person can easily gain trust from customers

ONE REGISTRATION ONE STATE

- * General Rule, One entity
One Registration
One state
- * However, more than one registration is not prohibited.
- * So, one single entity can take multiple registrations on a single stock
- * For eg:- Multiple registrations permitted for separate business vertical and one as an input service distributor and other for outward supply.

TURNOVER LIMIT FOR REGISTRATION

- i) for supplier engaged exclusively in "Supply of Goods"

STATE

TURNOVER LIMIT

Manipur, Mizoram, Nagaland, $\text{₹ } 10$ Lakhs
Tripura

Uttarakhand, Meghalaya, $\text{₹ } 20$ Lakhs
Sikkim, Arunachal Pradesh,
Puducherry, Telangana

Rest States of India

 $\text{₹ } 40$ Lakhs

- ii) for supplier engaged in "Supply of Services" or both Goods and Services

STATE

TURNOVER LIMIT

Manipur, Mizoram, $\text{₹ } 10$ Lakhs
Nagaland, Tripura

Rest States of India $\text{₹ } 20$ Lakhs.

MEANING OF AGGREGATE TURNOVER

- * The turnover will be computed PAN wise
- * The partner and partnership firm will have different PAN Nos. Hence, the turnover of the partner and partnership firm will not be aggregated.
- * The HUF and individual coparcener of the family have different PAN nos. Hence, turnover of karta of HUF in his individual capacity and turnover of karta as a karta of HUF will not be aggregated.

INCLUSIONS :-

- * Domestic supply
- * Export supply
- * Taxable supply
- * Exempt supply
- * Non-taxable supply
- * Intra-State supply
- * Inter-State supply
- * Inter-State supplier between distinct persons having same PAN
- * Supply on own account
- * Supply on behalf of principal

EXCLUSIONS :-

- * Inward supplies on which the recipient is required to pay tax under Reverse Charge Mechanism (RCM)
- * Central Tax (CGST)
- * State Tax (SGST)
- * Union Territory Tax and
- * Integrated Tax (IGST)

- * Compensation cell.

REGISTRATION UNDER GST IN CASE OF TRANSFER OF GOING CONCERN

- * Case of transfer of business, either succession or otherwise.
- * formalities upon transfer, the transferee or the successor, shall be liable to be registered.

REGISTRATION UNDER GST IN CASE OF AMALGAMA TION OR DEMERGER

- * Amalgamation can be of any nature (Purchase or merger)
- * Transferee Company shall take registration.

PERSONS NOT LIABLE FOR REGISTRATION

- * Any person engaged exclusively in the business of supplying of goods or services or both they are not liable to tax or wholly exempt.
- * An agriculturist, to the extent of supply of produce out of cultivation of land.
- * Others as may be prescribed.

COMPULSORY REGISTRATION IN CERTAIN CASES

I. Person making any Inter-State taxable supply of Goods :-

If a person make an Inter-State taxable supply of goods, he will be liable to obtain registration and pay GST.

II. Casual Taxable person making taxable supply :-

* Casual taxable person means a person who occasionally undertake transactions involving supplying of goods or services or both in the course of furtherance of business, in a State or a Union Territory where he has no fixed place of business.

* A casual taxable person cannot exercise the option to pay tax under composition levy.

* Casual taxable persons are required to obtain GST registration under a special category at least 5 days prior to the undertaking business.

* There is no special form to register as a casual taxable person. Casual taxable person can use the normal form GST REG-01 which is used by other taxable person for registration.

* He has to pay advance tax at the time of registration as per the estimated tax liability computed and declared.

- * on depositing the amount, an acknowledgement shall be issued electronically to the applicant in FORM GST REG-02
- * The certificate of registration shall be valid for the period specified in the application for registration on ninety days from the effective date of registration, whichever is earlier.
- * The proper officer may extend registration for a period not exceeding 90 days.
- * The casual taxable person is eligible for the refund of any balance of the advance tax deposited by him after adjusting his tax liability.
- * Input tax credit shall be availed in respect of goods or services or both received by a casual taxable person.
- * It is clarified that in case of long running exhibitions (for a period more than 180 days), the taxable person cannot be treated as a CTP and thus such person would be required to obtain registration as a normal taxable person.
- * In such case of taking normal registration, he would not be required to pay advance tax for the purpose of registration.
- * He can surrender such registration once the exhibition is over.

III. Person who are required to pay tax under reverse charge.

IV. Person who are required to pay tax under sec 9(5) of CGST (i.e. electronic commerce operators)

* electronic commerce operators, shall include every person who, directly or indirectly, owns, operates or manages an electronic platform that is engaged in facilitating the supply of any goods and/or services or in providing any information or any other services.

* But shall not include person engaged in supply of goods and/or services on their own behalf.

for example:- Titan company supplying watches and jewels through its own website would not be considered as an e-commerce operator for the purpose of this provision.

V. Non-Resident taxable person making taxable supply :-

* Non-resident taxable person means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.

* A non-resident taxable person cannot exercise the option to pay tax under composition levy.

- * Non-resident taxable person has to apply for registration at least five days prior to commencing his business in India using a valid passport (and need not have a PAN in India)
- * A simplified form GST REG-09 is required to be filled.
- * The application for registration made by a non-resident taxable person has to be signed by his authorised signatory who shall be a person resident in India having a valid PAN.
- * He has to make mandatory advance deposit of tax for an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought.
- * The certificate of registration shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier.
- * In case the non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in form GST REG-11 shall be submitted electronically through the common portal, either directly or through facilitation centre notified by the commissioner, before the end of the validity of registration granted to him.
- * The validity period of 90 days can be extended by a further period not exceeding ninety days.

- * Input tax credit shall not be available in respect of goods or services or both received by a non-resident taxable person except on goods imported by him.
- * The amount of advance tax deposited by a non-resident taxable person under CGST will be refunded only after the person has furnished all the returns required.
- v. Persons who are required to deduct tax under Sec 51, whether or not separately registered under the Act.
- vi. Persons who make taxable supply of goods or services or both on behalf of other taxable person whether as an agent or otherwise.
- *清楚 and forwarding (C&F) Agent receives the goods on behalf of the principal.
- * Subsequently he supplies goods to the customer as an agent of the principal.
- * He maintains the stock and report to the principal.
- * Such an agent shall be liable to obtain the registration compulsorily.
- vii. Input service distributor, whether or not separately registered under CGST
- * ISO mechanism is meant for distributing the credit on common invoices pertaining to Input

services only and not goods (i.e. inputs or capital goods.)

- * An LSD will have to compulsorily take a separate registration as such to LSD and apply for the same in form GST REG-1.
- * There is no threshold limit for registration for an LSD.
- * For the purposes of distributing the Input Tax Credit, an LSD has to issue LSD invoice, clearly indicating in such invoice that it is used only for distribution of Input Tax Credit.
- * The credit has to be distributed only to the unit to which the supply is directly attributable to.

For eg:- If an LSD has 4 units across the country. However, if a particular Input service pertains exclusively to only one unit and the bill is raised in the name of LSD, the LSD can distribute the credit only to that unit and not to other units.

- * If the Input services are attributable to more than one recipient of credit, the distribution shall be in the pro-rata basis of turnover in the State/Union Territory.

For eg:- If an LSD has 4 units across the country. If the Input service are common of all units, then it will be distributed according to the ratio of turnover of all the units.

* An LSD will have to file monthly returns in GSTR-1 within 13 days after the end of the month and will have to furnish information of all LSD invoices issued.

* An LSD shall not be required to file the Annual Return.

* Persons who supply of goods or service or both, other than supplies specified under sec 9(5), through such electronic commerce operator who is required to collect tax at source under sec 5.

* Every person supplying online information and database access or retrieval service from place outside India to a person in India, other than a registered person :-

* Online Information and Database Access or Retrieval services means services whose delivery is mediated by information technology over the Internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention and impossible to ensure in the absence of information technology.

* It includes electronic services such as :-

→ advertising on the Internet

→ providing cloud service

- provisions of e-books, movie, music, software and other printables through telecommunication networks or internet.
- providing data or information, retrievable or otherwise, to any person in electronic form through a computer network.
- online supplies of digital content (movies, television shows, music and the like)
- digital data storage
- online gaming.

xi. Such other person or class of person as may be notified by the GOI on the recommendation of the council.

PROCEDURE FOR REGISTRATION

* When to take Registration:- Apply for registration within 30 days from the date on which he becomes liable to registration

* Information to be furnished at the time of Registration:- Legal Name of Business

→ PAN

→ Mobile Number

→ E-mail address

→ State or Union Territory in Part A of form GST REG-01 on common Portal

On successful verification of these numbers, a reference number will be generated

Applicant shall submit Part B of form GST REG-01, duly signed, along with documents specified in the said form at the common Portal

* Acknowledgment :- Form GST REG-02

* Certificate of Registration:- Form GST REG-06

If all documents are found to be in order, the proper officer shall approve the registration within 3 working days from the date of submission

* Deemed Registration :- If the proper officer fails to take action in 3 working days from the date of submission, the registration is deemed to have approved.

* Queries from GST Department before Granting Registration :- Form GST REG-03 within 3 working days from the date of submission

* Reply from the applicant :- Form GST REG-04 within 7 working days from the date receipt of such information

→ The proper officer is satisfied with the classification, he may approve the grant of registration to the applicant within 7 working days on receipt of such classification.

→ Where no action is taken in 7 working days on the classification received from the applicant, the registration is deemed to have granted.

* Rejection by Department :- If no reply is furnished by applicant in response to notice issued or proper officer is not satisfied with the classification, he shall reject such application within 7 working days and inform the applicant in Form GST REG-05.

GST IDENTIFICATION NUMBER

- * Two characters :- State code
- * Ten characters :- PAN
- * Two characters :- Entity code
- * One character :- checksum character

EFFECTIVE DATE OF REGISTRATION

* If registration applied within given time limit of 30 days :- Registration will be effective from the date on which liability to take registration arises.

* If registration applied after given time limit of 30 days :- Registration will be effective from the date on which registration is granted.

FURNISHING BANK ACCOUNT DETAILS

Bank Account Details must be furnished within 45 days from the date of grant of registration.

CANCELLATION OF REGISTRATION

Case 1 :- Cancellation by the registered person - taxpayer himself

* Probable reasons for cancellation :-

→ Business has been discontinued

→ The business has been sold or transferred to some other party

→ There is any change in the Constitution of the business (Like Partnership firm has converted into Private Limited Company and so on)

→ Turnover is not more than specified limit.

- * Application for cancellation :- GST REG 16
- * Cancellation Order :- GST REG 19
(Within 30 days of Application)
- * Rejection of cancellation Application :- GST REG-20
- * Queries by GST Department :- GST REG-17
- * Reply by applicant :- GST REG -18
(Within 7 days of GST REG-17)

case 2 :- cancellation by GST Department

- * Probable Reasons for cancellation :-

- If the registered person has violated any of GST provisions or law.
- A composition registered person has not filed tax returns for three consecutive quarters.
- A normal registered person who has not filed returns consecutively for 18 months.
- A voluntarily registered person who has not commenced any business in the 18 months from the registration date.

If the registration is obtained by fraud method, the proper officer has the right to cancel the registration with retrospective effect.

* Show cause notice by GST Department :- GST REG-17

* Reply by Applicant :- GST REG-18
(Within 7 days of GST REG-17)

* Cancellation Order :- GST REG-19
(Within 30 days of GST-18)

* Rejection of cancellation application :- GST REG-20

* Queries by GST Department :- GST REG-17

* Reply by Applicant :- GST REG-18
(Within 7 days of GST REG-17)

Case 2 :- Cancellation by Legal Heir of Registered person

* Probable reasons for cancellation :- Death of the person.

* Application for cancellation :- GST REG-16

* Cancellation Order :- GST REG-19
(Within 30 days of Application)

* Rejection of cancellation application :- GST REG-20

* Queries by GST Department :- GST REG-17

* Reply by applicant :- GST REG-18

(Within 7 days of GST REG-17)

REVOCATION OR CANCELLATION OF REGISTRATION

* Application for Revocation :- GST REG-21
(Within 30 days of GST REG-19)

* Revocation Order :- GST REG-22
(Within 30 days of GST REG-21)

* Queries by GST Department :- GST REG-23

* Reply by Applicant :- GST REG-24
(Within 7 days of GST REG-23)

* Rejection of Revocation Application :- GST REG-05

TAX INVOICE

1. It means tax invoice as prescribed in section 31 of CGST Act 2017.
2. Tax invoice is needed only in taxable supply and in case of normal registered person.
3. Exempted dealers and composition dealers use Bill of supply instead of tax invoice.
4. NO invoice or Bill of supply is needed if the value of supply is less than ₹ 200.
5. Tax invoice is necessary in following two purposes :-
 - a) It is indicator of time of supply
 - b) It is evidence for TIC.
6. Time & limit to serve tax invoice is as follows :-
 - a) In case of goods, it should be issued before or at the time of removal of goods.
 - b) In case of services, it should be issued within 30 days from completion of service.
 - c) In case of banking, NBFC and Insurance services, invoice should be issued within 15 days of completion of service.

d) In case of continuous supply of goods, invoice should be issued before or at the time of statement or payment whichever is earlier.

e) In case of continuous supply of services, following can be three cases:-

* If the due date is available, invoice should be issued on or before such due date.

* If due date is not available, invoice should be issued before or at the time of payment.

* If payment is proportional to an event, invoice should be issued on or before completion of such event.

f) In case of good sent on approval basis, invoice should be issued before or at the time of confirmation by buyer or upon expiry of six months from removal whichever is earlier.

g) In case of services getting stopped without completion, invoice should be issued upon such stopping.

7. following are the manner of issuing invoices:-

i) In case of goods, it will be in three cases as follows:-

a. a) original for receiver.

a. b) duplicate for transporter.

a. c) triplicate for supplier.

b) In case of service, it will be in duplicate :-

b. a) original for receiver.

b. b) duplicate for supplier.

8. Concept of revised invoice :-

* There is always a fine gap between date of liability of registration and getting the registration certificate.

* During this tenure, GST is collected from customer but invoice does not contain GSTIN.

* Customer will be unable to take ITC without GSTIN.

* So, supplier should issue revised invoice for all the invoices already issued, within 20 days / month of getting registration certificate.

9. following are the contents of tax invoice :-

a) Name, address and GSTIN of supplier

- b) Name, address and GSTIN of receiver.
- c) consecutive serial number
- d) Date of issue
- e) HSN Code or SAC Code
- f) Description of goods or service
- g) Quantity
- h) Value of supply
- i) Taxable Value of supply
- j) Rate of tax
- k) Amount of tax
- l) Place of supply
- m) delivery address
- n) Applicability of reverse charge
- o) Signature or digital signature.

10. Signature or digital signature is not required in following cases!

- a) Electronic Tax Invoice
- b) electronic Bill of Supply
- c) Electronic consolidated invoice by banking company
- d) Electronic Ticket

CREDIT NOTE

1. Simply saying, credit Note is issued to Creditor.
2. It can be issued probably in following situation :-
 - a) If receiver has returned the goods.
 - b) If value charged in invoice is higher than actual liability.
3. Technically, credit Note is an adjustment to the invoice.
4. It will result in adjustment of tax liability.
5. Details of credit Note must be uploaded either in the same month in which it is issued or on or before following date :-
 - * September month of the next financial year.
 - * Date of furnishing the relevant Annual Return (whichever is earlier)
6. One single credit Note can be issued for multiple invoices.

DEBIT NOTE

1. Simply says, Debit Note is issued to restore.
2. It can be issued probably in following situations:
 - a) If goods delivered are found in excess and accepted by receiver.
 - b) If value charged in invoice is less than actual liability.
3. Technically, debit note is an adjustment to the invoice.
4. It will result in adjustment of tax liability.

5/

CONTENTS OF DEBIT NOTE OR CREDIT NOTE:-

1. Title of document.
2. Name, address and GSTIN of supplier.
3. Name, address and GSTIN of receiver.
4. Consecutive serial number.
5. Date of issue.
6. Reference of relevant invoice.
7. Reason of debit/credit.
8. Value of debit/credit.
9. Revised value of supply.
10. Signature or digital signature.

BILL OF SUPPLY

1. It is a substitute of tax invoice.
2. It is issued by exempted dealer or composition dealer.
3. The contents are same as tax invoice but it does not have tax details.
4. In case of supply of both taxable and exempted goods/services, invoice cum bill of supply can be issued.

RECEIPT VOUCHER

1. It is issued upon receiving advance.
2. It is evidence of advance payment.

REFUND VOUCHER

1. It is issued against receipt voucher.
2. It is issued upon making refund.

ACCOUNTS & RECORDS UNDER GST

INTRODUCTION

* Why Accounts Maintenance is required :-

→ The compliance verification is done by the department through scrutiny of Returns, Audit and/or investigation.

→ This requires certain obligations to be cast on the taxpayer for keeping and maintaining accounts and records.

* What are the major heads of accounts maintenance :-

a) Production or manufacture of goods

b) Inward and outward supply of goods or services or both

c) Stocks of goods

d) Input tax credit available

e) Output tax payable and paid

f) Any other particulars deemed necessary

RULES REGARDING MAINTENANCE OF ACCOUNTS & RECORDS

* RULE 56(1) :- Requires records of

- a) goods or services imported or exported or
- b) supplies attracting payment of tax on reverse charge along with the relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers and e-way bills.

* RULE 56(2) :- Requires records of

Accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the

→ Opening balance

→ Receipt

→ Supply

→ goods lost, stolen, destroyed

→ written off or disposed of by way of gift

→ free sample

→ the balance of stock including raw material - all, finished goods, scrap and wastage thereof.

Rule 56(3) :- Requires records of

Advances received, paid and adjustments made thereto.

Rule 56(4) :- Requires records of

Tax payable, tax collected and paid, Input tax, Input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

Rule 56(5) :- Requires records of

a) names and complete addresses of supplier from whom he has received the goods or services chargeable to tax under the Act.

b) names and complete addresses of the persons to whom he has supplied goods or services, where required under the provisions of this chapter.

c) the complete addresses of the premises where goods are stored by him including goods stored during transit along with the particulars of the stock stored therein.

Rule 56(6) :- Goods found elsewhere

If any taxable goods are found to be stored at any place(s) other than those declared without the cover of any valid documents,

the proper officer shall determine the amount of tax payable on such goods as if such goods have been supplied by the registered person.

Rule 56(7) :- Mode of Maintenance

Every registered person shall keep the books of account at the principal place of business and books of accounts relating to additional place of business mentioned in his certificate of registration.

Rule 56(8) :- Rectification of errors & overwriting etc

Any entry in registers, accounts and documents shall not be erased, effaced or overwritten, and all incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and thereafter.

The correct entry shall be recorded and where the registers and other documents are maintained electronically, a log of every entry edited or deleted shall be maintained.

Rule 56(9) :- Serial Number of Volumes

Each volume of book of accounts maintained manually by the registered person shall be serially numbered.

Rule 56(I) :- Records found elsewhere

If any documents, registers, or any books of amounts belonging to a registered person are found at any premises other than those mentioned in the certificate of registration, they shall be presumed to be maintained by the said registered person.

Rule 56(II) :- Record Maintenance by Agent

Every agent shall maintain account depicting the :-

- a) particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately
- b) particulars including description, value and quantity (wherever applicable) of goods or services received on behalf of every principal.
- c) particulars including description, value and quantity (wherever applicable) of goods or services supplied on behalf of every principal
- d) details of accounts furnished to every principal and
- e) tax paid on receipts or on supply of goods or services effected on behalf of every principal.

Rule 56(12):- Records regarding production

Every registered person manufacturing goods shall maintain monthly production accounts showing quantitative details of raw-materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof.

Rule 56(13):- Records Maintenance by service Provider

Every registered person supplying services shall maintain the accounts showing quantitative details of goods used in the provision of service, details of input service utilised & the service supplied.

Rule 56(14):- Record Maintenance by work contractor

Every registered person executing work contracts shall keep separate accounts for works contract showing -

- a) the names and addresses of the persons on whose behalf the works contract is executed.
- b) description, value and quantity (wherever applicable) of goods or service received for the execution of works contract.
- c) description, value and quantity (wherever applicable) of goods or service utilised in the execution of works contract.
- d) the details of payment received in respect of each works contract.

e) the names and addresses of suppliers from whom he received goods or services.

Rule 56(15):- Authentication by digital signature

The records under the provisions of this chapter may be maintained in electronic form and the record so maintained shall be authenticated by means of a digital signature.

Rule 56(15):- Preservation Period

Accounts maintained by the registered person together with all the ~~proviso~~ invoices, bills of supply, credit and debit notes, and delivery challans relating to stocks, deliveries, inward supply and outward supply shall be preserved for the period as provided in Sec 36.

Section 36 :- Preservation Period

As per section 36 of the CGST Act, 2017 every registered taxable person must maintain the accounts books and records for at least 72 months (6 years) from the due date of furnishing of annual return for the year pertaining to such accounts and records.

The last date of filing the Annual Return is 31st December of the following year.

Rule 56 (17) :- Records maintenance by carrier and C & F Agent

Any person having custody over the goods in the capacity of a carrier or a clearing and forwarding agent for delivery or despatch thereof to a new recipient on behalf of any registered person shall maintain true and correct records in respect of such goods handled by him.

Sec 56 (18) :- Production of documents upon demand

every registered person, shall, on demand, produce the books of accounts which he is required to maintain under any law for the time being in force.

PAYMENT OF TAX

1. Payment of tax is mainly divided into three heads

a) IGST

b) CGST

c) SGST

2. Following are the people liable to make payment:

a) Registered dealer on his outward supply.

b) Registered dealer under reverse charge mechanism

c) Electronic commerce operator under TCS provisions.

d) TDS deductors

3. Payment of tax can be done either through electronic cash ledger or through electronic credit ledger.

4. Basically there are three types of ledgers in GST mechanism:-

a) Electronic liability ledger

b) Electronic cash ledger

c) Electronic credit ledger

5. All liabilities whether tax or other dues get reflected in electronic liability ledger.
6. Electronic cash ledger can be used to pay any dues but electronic credit ledger can be used only to pay tax dues.
7. Liability under GST can be divided into two basic heads:-
 - a) Major head which includes IGST, CGST, SGST, UTGST and GST cess.
 - b) minor head which includes tax, interest, penalty, fee and others.
8. In case of multiple liabilities, they will be paid in following serial order:-
 - a) first, tax and other dues of previous period
 - b) then, tax and other dues of current period
 - c) then, any other demand raised by department.
9. Over due of old Pre Indirect tax regime can not be paid on GST portal.

UTILISATION OF ITC :-

1. ITC of IGST has to be used and exhausted before utilising ITC of CGST, SGST and UGST
2. ITC of IGST first goes to IGST.
3. Then, ITC of IGST if remaining, can go to CGST and SGST/UGST, in any order and in any proportion
4. Once ITC of IGST is exhausted, ITC of CGST and SGST/UGST can be used.
5. ITC of CGST first goes to CGST and if remaining will go to IGST. But cannot go to SGST.
6. ITC of SGST/UGST first goes to SGST/UGST and if remaining will go to IGST but cannot go to CGST.
7. ITC of SGST can go to IGST only when ITC of CGST is not available to go there.

INTEREST UNDER GST (PAYABLE BY TAXPAYER)

1. Following are the two situations in which interest may be payable by taxpayer:-
 - a) Late payment of tax
 - b) Excess ITC claimed or wrong ITC claimed
2. In case of late payment of tax interest will apply at the rate 18% p.a.
3. In case of wrong or excess ITC claimed, rate of interest is 84% p.a.
4. Interest applies only for the period of delay and not for the whole month.
5. Interest applies from the next day after due date.
6. Interest is payable even if tax is paid before issue of show cause notice.
7. Online payments made even after 8 PM will be credited on the same day.
8. Payment upto of 10000 can be made over the counter but payments exceeding ₹ 10000 have to made digitally.

INTEREST UNDER GST (PAYABLE BY DEPARTMENT)

1. Interest payable by department applies only on refund cases.
2. If refund is not giving within 60 days from the date of receipt of application, interest rate is 6% p.a.
3. If refund was withheld but later on found eligible, interest rate is 6% pa.
4. If refund has not been paid, within 60 days even after the order of adjudicating authority or Appellate Authority or Appellate Tribunal or court, interest will apply @ 9% pa.
5. As no refund is granted if it is less than ₹ 1000 no concept of interest will be there.

TCS UNDER GST

BASICS

- * TCS = Tax collection at source.
- * It is a concept borrowed from the Income tax.
- * For example :-

Let us say, INR 1180 is the invoice value
(Basic amount is INR 1000 plus tax @ INR 180)

then the tax payer shall collect 1% (i.e INR 10)
and make the payment of such tax to the
Government.

Net amount of INR 1170 (i.e $1180 - 10$) shall paid
to the concerned supplies

PERSON LIABLE TO COLLECT TCS

- * Every e-commerce operator other than an Agent
- * Hence, companies like Amazon, flipkart etc which
display items on other their portal products
as well as services which are actually supplied
by some other person to the consumer are
electronic commerce operator.

RULES REGARDING TDS TCS

* Rate of TCS is 1%.

* TCS is calculated :-

$$\text{Net Value of Taxable Supplies} = \frac{[\text{Aggregate value of taxable supplies of Goods + services (section 9(5) services)}] - [\text{Aggregate value of returned taxable supplies + Goods}]}{}$$

(Aggregate value of returned taxable supplies + Goods)

* Whether value of supply will include tax amount \rightarrow value of supply shall exclude the tax indicated in the invoice

* Threshold exemption from TCS \rightarrow No such threshold

* What about the supply made by ECO on its own \rightarrow However, the supplies made by the electronic commerce operator on its own account are not subject to TCS requirement since the above stated conditions are not fulfilled.

* Deposit of TCS amount with Government \rightarrow within ten days after the end of the month in which such collection is made.

- * Payment of TCS through ITC \rightarrow NOT allowed
- * TCS to be indicated on \rightarrow NOT Required
Invoice
- * TCS certificate \rightarrow NO provision of TCS
certificate.

PENALTIES

- * TCS not collected :-

INR 1000/- or the amount not collected or short collected, whichever is higher.

- * TCS collected but not paid to the government :-

Recovery by department with penalty u/s 122.

- * Late filing of TCS Returns:-

General penalty upto INR 2500/-

TDS UNDER GST

TDS DEDUCTORS

- * Department or establishment of central government or state government
- * Government Agencies
- * Local Authority
- * Persons or category of persons notified by the central government on recommendation of the council

NOTIFIED DEDUCTORS

- * An authority or a board or any other body,
 - a) set up by an Act of Parliament or a state legislature or
 - b) established by any government, with 51% or more participation by way of equity or control, to carry any function.
- * Society established by the central government or the state government or a local authority under the Societies Registration Act, 1860 (21 of 1860)
- * Public sector undertakings (PSU)

EXEMPTIONS FROM TDS

- * Post Audit Authorities under Ministry of Defence.
- * Supply of goods and/or services from a PSU to another PSU, whether a distinct person or not.

RULES REGARDING TDS

- * Rate of TDS is 2%.
- * Payment threshold for TDS → The total value of supply under 'A contract' exceeds INR 2.5 Lakhs
- * Whether value of supply → Value of supply shall exclude the tax indicated in the invoice
- * Deposit of deducted amount → Amount deducted shall be paid to the central Government within 10 days after the end of the month.
- * TDS certificate → Deductor shall furnish a TDS certificate in FORM GSTR-7A to the deductee
- * Contents of TDS GSTR 7A →
 - Contract value
 - Rate of Deduction
 - Amount deducted
 - Amount paid to the appropriate government
 - Any other particulars as may be prescribed.

* Time limit of providing → within 5 days of remittance

* Penalty for not furnishing → the deductor has to pay a late fee of INR 100 per day from the 6th day until the day he furnishes the certificate. The maximum late fee is prescribed as INR 5000

* Deduction options → a) individual Bill wise deduction and its deposit to the government by DDO
b) Bunching of Deduction and its deposit by DDO.

RETURN UNDER GST

What is Return

- * Return means any return prescribed or otherwise required to be "furnished"
- * A return is a document containing details of income which a taxpayer is required to file with the tax administrative authorities.

METHODS TO FILE GST RETURN

- * GSTN Portal (www.gst.gov.in)
- * Offline Utilities provided by GSTN
- * GST Suvidha Providers (GSPS)

VARIOUS RETURNS

GSTR - 1

- * Details of outward supplies of taxable goods and/or services effected (Section 37 of the GST Act 2017)
- * Monthly
- * 10th of next month

GSTR-2

- * Details of inward supplier of taxable goods and/or services effected claiming input tax credit (Section 38 of the CGST Act, 2017)
- * Monthly
- * 15th of Next Month

GSTR-3

- * Monthly return on the basis of finalization of details of outward supplier and inward supplier along with the payment of amount of ITC (Section 39(1) of the CGST Act, 2017)
- * Monthly
- * 20th of Next Month

GSTR - 3B

- * Simple return - for Jul 2017 - Mar 2018
- * Monthly
- * 20th of Next Month

GSTR - 4

- * Return for composition dealer (Section 39(2) of the CGST Act, 2017)
- * Quarterly * 18th of the month past quarter.

GSTR-5

- * Return for Non-Resident Foreign Taxable Person (Sec 39(5) of the CGST Act, 2017)

- * Monthly

- * 10th of Next Month or within 7 days after registration expires whichever is earlier.

GSTR-6

- * Return for Input Service Distributor (Sec 39(4) of the CGST Act, 2017)

- * Monthly

- * 13th of Next Month

GSTR-7

- * Return for authorities deducting tax at source (Sec 39(3) of the CGST Act, 2017)

- * Monthly

- * 10th of Next Month.

GSTR-8

- * Details of supplies effected through e-commerce operator and the amount of tax collected

- * Monthly

- * 10th of Next Month

GSTR-9

* Annual Return (Sec 44 of the CGST Act, 2017)

* Who files :- Registered person other than an LSC, TDS/TCS taxpayer, casual taxable person and non-resident taxpayer.

* In this return, the taxpayer needs to furnish details of expenditure and details of income for the entire financial year.

* The person who are non-residents and are providing OJDAK service in India to unregistered person have been exempted from submitting GSTR-9 and GSTR-9C (vide NIT 30/2019 CT dated 28/6/2019)

* Annually

* 31st December of next financial year.

GSTR-10

* Final Return (Sec 45 of the CGST Act, 2017)

* Once when registration is cancelled or surrendered.

* Within three months of the date of cancellation or date of cancellation order

GSTR-11

- * Details of inward supplies to be furnished by a person having UIN and claiming refund.
- * Monthly
- * 18th of the month following the month for which statement is filed.

SPECIAL RULE FOR COMPOSITION DEALER

- * They will furnish form GST CMP-02 containing details of payment of self-assessed tax, for every quarter (or part of the quarter), by 18th day of the month succeeding such quarter.
- * furnish a return (GSTR 4) for every financial year (or part of the financial year), on or before 30th day of April following the end of such financial year.

REVISION OF RETURNS

- * No rectification or revision is allowed.
- * Only option is to do adjustments in upcoming return.
- * However, no rectification is allowed after furnishing the return for
→ the month of September following the end

of the financial year to which, such details pertain

⑩

→ furnishing of the relevant Annual Return whenever is earlier.

PENALTY / LATE FEE:

- * As per GST Act late fee is 100 per day per Act
- * Total will be 200/day
- * There is no late fee on IGST
- * So, it is 100 under CGST & 100 under SGST
- * Maximum is 5000
- * If the GSTR is not filed for a given quarter/month, then the taxpayer cannot file the next quarter's return either.

MATCHING CONCEPTS UNDER GST

MATCHING OF ITC

* Details of inward supply furnished by receiver will be matched by corresponding outward supply furnished by supplier.

* Details to be matched:-

- a) GSTIN of the supplier
- b) GSTIN of the recipient
- c) Invoice or debit note number
- d) Invoice or debit note date
- e) tax amount

* Matching happens when ITC claimed by receiver is equal to or less than the outward tax paid by supplier.

INSTANCES OF MATCHING MISMATCHING

* All transactions when Input Credit details of recipient are matched for output tax as → The transaction is treated as matched stated by supplier and recipient transactions.

- * transactions where the input tax credit is duplicated by the recipient → shall be communicated to the registered person in FORM GST MIS-1
- * transactions where the claim for input tax credit is higher than the output tax as declared by the supplier → shall be added to the output tax liability of the recipient
- * transactions where the claim for input tax credit is higher than the output tax as declared by the supplier because the supplier has not furnished a particular transaction → shall be added to the output tax liability of the recipient

COMMUNICATION OF DISCREPANCY IN THE CLAIM OF INPUT TAX CREDIT

- * communication to Receiver :- GST MIS-1
- * communication to supplier :- GST MIS-2

RECTIFICATION OF DISCREPANCY

If the recipient or the supplier has rectified the error, the inward supply and outward supply will match and credit will be finally accepted

DISCREPANCY NOT RECTIFIED

* If the supplier or recipient does not rectify the discrepancy, the amount to the extent of discrepancy shall be added to the output tax liability of the said recipient in his return to be furnished.

AUDIT UNDER GST

MEANING

- * It means the examination of records, return and other documents maintained or furnished by the registered person under the GST Act or the rules made thereunder or under any other law for the time being in force
- * To verify the correctness of turnover declared, taxes paid, refund claimed and Input tax credit availed, with the provision of the GST Act or the rules made thereunder.

TYPES OF AUDIT IN GST

- * By chartered Accountant or → if turnover exceeds 2 crores
a Cost Accountant
- * By tax Authorities → To be done by the Commissioner or any Officer authorized by him.
- * Special Audit → To be conducted under the mandate.

AUDIT BY CHARTERED ACCOUNTANT OR A COST ACCOUNTANT

Registered person shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in form GSTR-9C along with annual return.

AUDIT BY TAX AUTHORITIES

* Who will do it :-

The Commissioner or any officer authorised by him.

* Prior Notice :-

A notice not less than 15 working days prior to the conduct of audit (GST ADT-01)

* Completion of Audit :-

Three months from the date of commencement of the audit

* Extension of Audit completion Period :-

further period not exceeding 6 months.

* Findings of Audit :-

The proper officer shall, within 30 days inform the registered person, whose records are audited, about

the findings,
his rights and obligations and
the reasons for such findings
(GST ADT-02)

* Items to be verified :-

→ Document on the basis of which the books

of accounts are maintained and the returns and statement furnished under the provisions of the Act and the rules made there under

- Correctness of the turnover
- Exemption and deductions claimed
- Rate of tax applied in respect of the supply of goods or services or both
- Input tax credit availed and utilized
- Refund claimed
- Other relevant issues

* Action after Audit :-

proper officer may initiate action under sec 73 or sec 74

SPECIAL AUDIT

* Direction to do Special Audit :-

Assistant Commissioner with the prior approval of the Commissioner (Form GST ADT-03)

* Prior Notice :- No

* Who will do it :-

The Chartered Accountant or Cost Accountant nominated by GST department.

* Completion Period of Audit :-

90 days from the date of commencement of the audit.

* finding of Audit :- S. 51 ADT-OY

* Action after Audit :-

proper officer may initiate action under Sec 73 and Sec 74

Difference between Audit by Tax Authorities and Special Audit

Components	Sec 65	Sec 66
* Nature of Audit	In this section, we have a departmental Audit	In this section, we have a special audit
* conducted by	It is conducted by officers of the department authorised by the Commissioner.	It is conducted by Chartered Accountant/ Cost Accountant nominated by the Commissioner.
* Prior Notice	Prior notice of 15 days is required.	Such notice/intimation is required.
* Time for conclusion of the audit	The conclusion of the audit is given in 3 months, further extension of 6 months is allowed.	The conclusion of the audit is given in 90 days, further extension of 90 days is allowed.
* Audit findings/ Report	Audit report should be intimated soon upon completion of the audit.	Audit reports should be shown to deputy/ assistant commissioners.
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* The opportunity of being heard	NO specific provision	Yes, where material gathered during the audit is to be used for any proceedings against the auditee!
* Action based on a report	Yes, under sec 73 by the issuance of SCN (show cause notice)	Yes, under sec 73 by the issuance of SCN (show cause notice)

E-WAY BILL UNDER GST

BASIC INTRODUCTION

- * E-Way bill will be generated when there is a movement of goods in a vehicle/conveyance of value more than 50,000
- * either each invoice or in aggregate of all invoices in a vehicle/conveyance.

MOVEMENT FOR WHICH E-WAY BILL IS NEEDED

- * in relation to a 'supply'.
- * for reasons other than a supply (say a return)
- * due to inward 'supply' from an unregistered person.

SUPPLY MAY BE OF FOLLOWING FORMS

- * A supply made for consideration (payment) in the course of business
- * A supply made for a consideration (payment) which may not be in the course of business.
- * A supply without consideration (without payment)

COMPULSORY E WAY BILL

- * For certain goods, the E-way bill needs to be generated mandatory even if the value of the consignment of goods is less than 5000
- * Inter-State movement of goods by the principal to the job-worker by principal/registered job-worker
- * Inter-State transport of Handicrafts goods by a dealer exempted from GST registration

WHO WILL GENERATE E-WAY BILL

- * Registered person :-

Where there is a movement of goods more than 5000 in value to or from a registered person

- * Unregistered person :-

However, where a supply is made by an unregistered person to a registered person, the receiver will have to ensure all the compliances.

- * Transporter :-

Transporter carrying goods by road, air, rail etc. also need to generate E-way bill if the supplier has not generated an e-way bill.

FORMS OF E-WAY BILL

- * EWB - 01 :- Generated E-way Bill
- * EWB - 02 :- Consolidated E-way Bill

DOCUMENTS REQUIRED TO GENERATE E-WAY BILL

- * Invoice / Bill of Supply / challan related to the consignment of goods
- * Transporter ID or vehicle number.

DOCUMENTS AND DEVICES TO BE CARRIED BY A PERSON - IN-CHARGE OF A CONVEYANCE

- * Invoice / Bill of Supply / challan related to the consignment of goods
- * Copy of the e-way bill in physical form
- * Or e-way bill number in electronic form or mapped to a radio frequency identification device embedded to the conveyance

BILL TO SHIP TO TRANSACTIONS

- * In the e-way bill form, there are two portions under the 'TO' section.
- * In the left hand side: 'Billing to' GSTIN and trade name is entered.

- * In the right hand side:- 'Ship to' address of the destination of the movement is entered.
- * The other details are entered as per the invoice.

EXEMPTION FROM EWAY BILL

- * Non-motor vehicle
- * Goods transported from customer port, airport, air cargo complex or land customs station to inland container depot (ICD) or container freight station (CFS) for clearance by customs.
- * Goods transported under customs supervision or under custom seal.
- * Goods transported under custom bond from ICD to customs port or from one custom station to another.
- * transit cargo transported to or from Nepal or Bhutan.
- * Movement of goods caused by defence formation under ministry of defence as a consignor or consignee.
- * Empty cargo containers are being transported.
- * consignor transporting goods to or from between place of business and a weighbridge for weighment at a distance of 20km, accompanied by a delivery challan.

- * Goods being transported by rail where the consignor of goods is the Central Government, state government or a local authority.
- * Goods specified as exempt from e-way bill requirements in the respective statute.
- * Transport of certain specified goods - includes the list of exempt supply of goods, Annexure to Rule 138(4), goods treated as no supply as per Schedule IIN, certain schedule to central tax rate notification.
- * Part B of e-way Bill is not required to be filled where the distance between the consigner or consignee and the transporter is less than 50 kms and transport is within the same state.
- * For movement of empty cylinders for packing of liquified petroleum gas other than supply, no e-way bill be required.

VALIDITY PERIOD OF EWAY BILL

Type of Conveyance	Distance	Validity of EWB
Other than Over dimensional cargo	Less than 100 kms For every additional 100 km or part thereof	1 day additional 1 day.
For over dimensional cargo	Less than 20 kms For every additional 20 km or part thereof	1 day additional 1 day

Validity of e-way bill can be extended also. The generator of such e-way bill has to either four hours before expiry or within four hours after its expiry can extend e-way bill validity.

VERIFICATION OF DOCUMENTS & CONVEYANCE

- * Intercepting the conveyance → By commissioner
- * Purpose of Intercepting → Verification of e-way bill.
- * Equipment needed for verification → Radio frequency identification device readers.
- * Summary report → To be prepared in 3 days, extendable to 3 more days (EWB-03)