RAGHAV ACADEMY

CMA INTER GR-II

GST

THEORY & PRACTICALS

BY

CA RAGHAV GOEL

Dedicated to My Father

Late Shri JagMohanGoel

His eternal soul
is always with me.

ALL ENERGY IS WITHIN.

ALL POWERS IS INSIDE.

TAKE IT OUT.

DON'T LET OTHERS WRITE YOUR DESTINY.

COME AND CREATE THE DIFFERENCE.

BE YOURSELF.

BEHAVE YOURSELF. *CA Raghav Goel*

Lehron se Darkar nauka par nahin hoti,
koshish karne walon ki haar nahin hoti

Nanhi cheenti jab daana lekar chalti hai,
chadhti deewaron par, sau bar phisalti hai.
Man ka vishwas ragon mein saahas bharta hai,
chadhkar girna, girkar chadhna na akharta hai.
Akhir uski mehnat bekar nahin hoti,
koshish karne walon ki haar nahin hoti.

Dubkiyan sindhu mein gotakhor lagata hai,
ja ja kar khali haath lautkar aata hai
Milte nahi sahaj hi moti gehre paani mein,
badhta dugna utsah isi hairani mein.
Muthi uski khali har bar nahin hoti,
koshish karne walon ki haar nahi hoti.

Asaflta ek chunauti hai, ise sweekar karo,
kya kami reh gayi, dekho aur sudhar karo.

Jab tak na safal ho, neend chain ko tyago tum,
Sangharsh ka maidan chhodkar mat bhago tum.
Kuch kiye bina hi jai jaikar nahin hoti,
koshish karne walon ki haar nahin hoti.

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BASICS OF GST

DIFFERENCE BETWEEN DIRECT AND INDIRECT TAX

PAYER AND SUFFEROR OF TAX IS **SAME PERSON**	PAYER AND SUFFEROR OF TAX IS **NOT THE SAME PERSON**
INCOME BASED TAXES	**SUPPLY BASED** TAXES
RATE OF TAXES ARE DIFFERENT FROM PERSON TO PERSON	RATE OF TAXES ARE **NOT DIFFER FROM** PERSON TO PERSON
ENTIRE **REVENUE** GOES TO **CENTRAL GOVERNMENT** OF INDIA	REVENUE SOURCE TO **CENTRAL** GOVERNMENT OF INDIA AS WELL AS **STATE GOVERNMENTS** (I.E. CGST AND 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 GOVERNMENTS	**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

THE 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)

AS PER DEFINITION GIVEN IN 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 SERVICES TAX BILL, 2017	**• INTEGRATED GOODS AND SERVICES TAX BILL, 2017**	**• UNION TERRITORY GOODS AND SERVICES TAX BILL, 2017**	**• GOODS AND SERVICES TAX (COMPENSATION TO STATES) BILL, 2017**

IMPLEMENTATION OF GST IN INDIA

GOODS AND SERVICES 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	VALUE ADDED TAX
A LEVY ON SALE OR SERVICE OR BOTH.	DESTINATION BASED CONSUMPTION TAX.
OFFERS COMPREHENSIVE AND CONTINUOUS CHAIN OF TAX CREDIT.	BURDEN BORNE BY FINAL CONSUMER.
ELIMINATE CASCADING EFFECT OF TAX	BRINGS UNIFORM TAX STRUCTURE ALL OVER INDIA.

ADVANTAGES OF GST

ONE NATION ONE TAX.	REMOVAL OF BUNDLED INDIRECT TAXES
REMOVAL OF CASCADING EFFECT OF TAXES.	INCREASED EASE OF DOING BUSINESS
RESULTANTLY BOOST TO MAKE IN INDIA INITIATIVE.	BOOST EXPORT AND MANUFACTURING ACTIVITY, GENERATE MORE EMPLOYMENT AND THUS INCREASE GDP

GST IS A CURE FOR ILLS OF EXISTING INDIRECT TAX (EXAMPLE 1 TO 3)

THE GIVEN STATEMENT IS TRUE.	CASCADING AFFECT 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 MANUFACTURE 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 AND KASHMIR.

ON

7TH JULY, 2017

THE JAMMU AND 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 COMPRISES OF THE TERRITORIES OF THE STATES AND THE UNION TERRITORIES. CURRENTLY, THERE ARE **28 STATES AND 8 UNION TERRITORIES**; OF WHICH, TWO **(DELHI AND PONDICHERRY)** 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. LADDAKH**

GOODS AND SERVICES TAX NETWORK (GSTN)

GOODS AND SERVICES TAX NETWORK (GSTN) IS A [SECTION 8 OF THE COMPANIES ACT, 2013, (I.E. NOT FOR PROFIT COMPANIES)], NON-GOVERNMENT, PRIVATE LIMITED COMPANY.	TECHNOLOGY BACKBONE FOR GST IN INDIA.

GST BEING A DESTINATION BASED TAX, THE INTER- STATE TRADE OF GOODS AND SERVICES 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 OFFICES, BANKS AND RBI).

AS A RESULT GOODS AND SERVICES TAX NETWORK (GSTN) HAS BEEN SET UP.

FUNCTIONS OF THE GSTN

• FILING OF REGISTRATION APPLICATION	• FILING OF RETURN	• CREATION OF CHALLAN FOR TAX PAYMENT	• SETTLEMENT OF IGST 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 MINSTER 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 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 (101ST AMENDMENT) ACT, 2016 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 AND SERVICES.**

ROLE / FUNCTIONS OF GST COUNCIL

GST COUNCIL IS TO MAKE RECOMMENDATIONS TO THE CENTRAL GOVERNMENT AND THE STATE GOVERNMENTS ON

• TAX RATES,	**• EXEMPTIONS,**	**• THRESHOLD LIMITS,**	**•DISPUTE RESOLUTION,**	**• GST LEGISLATIONS INCLUDING RULES AND NOTIFICATIONS ETC.**

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 IS ALSO 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

GST: TAXABLE EVENT (SUPPLY)

TAXABLE EVENT

1) Taxable event under GST law is **SUPPLY OF GOODS OR SERVICES OR BOTH**.
2) It means no supply no GST.

6 PARAMETERS OF SUPPLY

Following are the six parameters which need to be satisfied for being supply and being taxable under GST laws:

1. Supply of **goods or services**. Supply of anything other than goods or services does not attract GST.
2. Supply should be made for a **consideration**.
3. Supply should be made in the course or furtherance of **business**.
4. Supply should be made by a **taxable person**.
5. Supply should be a **taxable supply**.
6. Supply should be made within the **taxable territory.**

SCOPE OF SUPPLY (WHAT ALL IS COVERED IN SUPPLY)

1) All **forms of supply** of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.

   There can be various forms of Supply such as
   (I) SALE : Sale involves transfer of property in goods from one person to another person for consideration.
   (II) TRANSFER: Transfer means, where the ownership may not be transferred but the right in the goods is transferred.
   (III) BARTER: It means, the exchange of goods and productive services for other goods and productive services, without the use of money.
   (IV) EXCHANGE: When two persons mutually transfer the ownership of one thing for the ownership of another, neither thing nor both things being money only, the transaction is called an exchange.
   (V) LICENCE: Where one person grants to another, or to a definite number of other persons, a right to do or continue to do in or upon the immovable property of the granter, the right is called a licence.
   (VI) RENTAL: Periodical payment for use of another's property. Rent is to pay on monthly.
   (VII) LEASE: A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(VIII) DISPOSAL: Disposal normally considered as selling of assets when the organization is about to close down and various assets are required to be disposed of. Such transactions will also be considered as supply of liable to tax under GST Law.

2) **Import of services** for a consideration whether or not in the course or furtherance of business.

3) The activities specified in **Schedule I**, made or agreed to be made without a consideration.

EXCLUSION OF SUPPLY

1) Activities or transactions specified in Schedule III;
2) Such activities or transactions undertaken by the Central Government, a State Government or Union Territory or Any Local Authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council.

PRACTICAL PROBLEMS

QUESTION 1. Examine whether the following activities would amount to supply under section 7 of the CGST Act:

(1) Hitkari Charitable Trust, a trust engaged in providing medical relief free of cost, donates books and stationery to children living in slum area.

(2) Karishma Manufacturers have a factory in Jaipur and a depot in Delhi. Both these establishments are registered in respective States. Finished goods are sent from the factory to the depot without consideration so that the same can be sold.

(3) Manan is an Electronic Commerce Operator in Delhi. His father who is settled in London is a well- known lawyer. Manan has taken legal consultancy from him free of cost with regard to his family dispute.

Would your answer be different if in the above case, Manan has taken advice in respect of his business unit in Delhi?

Ans:

(1) Section 7 of the CGST Act, provides that supply must be made for a consideration except the activities specified in Schedule I and in course or furtherance of business. Since, both these elements are missing, donation of books and stationery to children living in slum area would not amount to supply under Section 7 of the CGST Act.

(2) Schedule I of CGST Act, provides that supply of goods or services or both between related persons or between distinct persons as specified in Section 25, is supply even without consideration

provided it is made in the course or furtherance of business.

According to Section 25(5) of the CGST Act, 2017, where a person who has obtained or is required to obtain registration in a State in respect of an establishment, has an establishment in another State, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act. In view of the same, factory and depot of Karishma Manufacturers are establishments of two distinct persons. Therefore, supply of goods from factory to depot without consideration, but in course of or in furtherance of business, is supply under Section 7 of the CGST Act.

(3) Schedule I of CGST Act, provides that import of services by person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. In the given case, Manan has received legal consultancy from his father free of cost in a personal matter and not in course or furtherance of business. Hence, services provided by Manan's father to him would not be treated as supply under Section 7 of the CGST Act.

In the above case, if Manan has taken advice with regard to his business unit, services provided by Manan's father to him would be treated as supply under Section 7 of the CGST Act as the same are provided in course or furtherance of business though received from a related person.

QUESTION 2.CMA Ram a practicising Cost Accountant carries out the activity of Accounting, Auditing, Filing returns, Certifying documents and so on so forth. These activities can be considered as performed in the course of business.

QUESTION 3.M/s X Ltd. manufacturing of motor cars. Company use to sell more number of cars in Southern India. In view of demand in Southern India, company intends to establish manufacturing unit in Chennai. M/s X Ltd. appointed Mr. Y as a consultant for searching, evaluating and shortlisting places for prospective targets. Finally company decided to establish unit at Ambattur Industrial Estate Chennai. Hence, Mr. Y carried out various activities is in furtherance of business of M/s X Ltd.

QUESTION 4. Mr. X sold laptop worth Rs. 1,00,000 and issued invoice in favour of Mr. Y. Now ownership in laptop transferred to Mr. Y. Such transaction shall be covered in sale. It is a supply of goods leviable to GST.

QUESTION 5.

1. Mr. T, a thief has stolen motorbike and sells the motorbike to Mr. Q. It is illegal to steal a motorbike. Sale of motorbike considered as supply of goods liable to be taxed.
2. Mr. T sold Narcotic drugs and psychotropic substances, to Mr. Q for Rs. 3 Lakhs. These goods are prohibited goods. Such activity cannot constitute supply. Mr. T is punishable under the law.

QUESTION 6. Mr. X is an official liquidator provided various services like valuation of assets with the help of valuers, inviting and evaluating the tenders, selling

assets, making payment to borrowers/creditors and so on. Activities of Mr. X are treated as supply of service and the commission earned by him is subject to GST.

QUESTION 7. Mr. A being a dealer of furniture deliver the goods to the branch office of M/s X Ltd., upon directions of M/s X Ltd., head office. The contract to supply furniture is between Mr. A and M/s X Ltd., head office. Mr. A is liable to pay GST on the consideration received from M/s X Ltd. head office.

QUESTION 8. Goods sent for a demonstration on returnable basis. Is it supply?
Answer:
No. It would not be considered as supply, as there is no transfer of title involved.

QUESTION 9. Mr. A is the owner of Xerox machine. He transferred the right to operate the Xerox machine to Mr. B for a consideration of Rs. 10,000 per month for four months. Hence, ownership of the machine is not transferred but the right in the machine is transferred. It is supply of service leviable to GST.

QUESTION 10. Mr. C, a practicing Cost Accountant provided services to M/s A Ltd., dealer of laptops. In return M/s A Ltd., given to Mr. C two laptops. Here, two-way supply takes place. Mr. C is making taxable supply of service and M/s A Ltd., is making taxable supply of goods. Hence, tax is payable by both.

QUESTION 11. Mr. X, a dealer in laptops. He supplied a laptop for Rs. 40,000 to Mr. Y along with a barter of printer. The value of the printer known at the time of supply is Rs. 4,000 but the open market value of the laptop is not known. The value of the supply of laptop is Rs. 44,000. Hence, Mr. X is liable to pay GST on Rs. 44,000. At the same time Mr. Y is also is liable to pay GST on Rs. 4,000 if he is registered person.

QUESTION 12. Mr. A is a dealer of new phones. He supplied for f 20,000 to Mr. B along with exchange of an old phone and if the price of the new phone without exchange is f 24,000, the open market value of the new phone is f 24,000. Mr. A is liable to pay GST on f 24,000. Mr. B also liable to pay GST on f 4,000 if he is registered person.

QUESTION 13. Mr X is a dealer of new cars. He sells new cars for Rs. 8,25,000 agrees to reduce Rs. 1,25,000 on surrendering of old car. Mr. Y who intends to buy new car worth Rs. 8,25,000 agreed to exchange his old car with new car.
Under GST law, it will be treated as Mr. Y has made supply of old car to dealer Mr. X and Mr. X has made supply of new car to Mr. Y.
If Mr. Y is registered person, he will be liable to pay GST on Rs. 1,25,000. Mr. X will be liable to pay GST on Rs. 8,25,000 whether Mr. Y is a registered person or not.

QUESTION 14. Mr. X, a developer of information technology software and holder of licence thereon. License to use software was given to different

clients: Rs. 18 lakhs; hence, Mr. X is liable to pay GST whether he transfer such right permanently or temporarily as the case may be.

QUESTION 15. A Chennai based company has been awarded mineral exploration contract for 18 months in respect of specific sites in Mumbai by a Mumbai based corporation (i.e. local authority). As a result Chennai based company got licence to extract mineral exploration for a period of 18 months. Mumbai based company supplied taxable services. GST is liable to pay by Chennai based company on licence fee paid to supplier under Reverse Charge.

QUESTION 16.
Mr. A owns a residential building in a prime commercial locality. Large vacant land in the backyard is given on rent of Rs. 1,80,000 per month to a parking contractor, Mr. B who has set up a parking facility on the said land. It is a taxable supply of service and hence, Mr. A is liable to pay GST.

QUESTION 17. Mr. X, the owner of a residential building in a commercial locality, Ground Floor is given on rent to Mr. Y for a monthly rent of Rs. 60,000. Mr. Y uses the same as his residence. It is a supply of service. However, specifically exempted from GST. Hence, Mr. X is not liable to pay GST.

QUESTION 18. M/s M Bank Ltd., given an asset under financial lease to M/s N Ltd. Repayment of financial lease made by the customer to the bank Rs. 80 lakhs which includes a principal amount of Rs. 50 lakhs.
Financial leases shall be taxed as supply of services. M/s M Bank Ltd., is liable to pay GST.

QUESTION 19. Alia Travels Pvt. Ltd., a travel agent books ticket for a customer Mr. Z. Travel agent raises invoice on customer Mr. Z for transportation of passenger by air of f 10,000 and his commission of f 500. The entire amount of Rs. 10,500 is not his consideration. The amount of Rs. 500 retained by the air travel is to be considered as his consideration.

QUESTION 20. M/s L Ltd., being an authorized dealer of the TT brand, rendered services to buyer of car, but payment is made to authorized dealer by the TT Company. It is called as consideration is given by third person. Therefore, it is treated as supply of service and liable to tax in the hands of M/s L Ltd.
Consideration includes non-monetary consideration.
Aggregate of payments received in money and monetary value of the act or forbearance will constitute consideration:

QUESTION 21. A Sports Club agrees to hire services of cricket player Mr. C for a consideration of Rs. 2 crores. In addition to this, the agreement provides that the player shall be provided with the car valued for Rs. 20 lakhs. The entire value of Rs. 2.20 crores will be considered as consideration and subject to tax.

QUESTION 22. Mr. X sells office furniture to Mr. Y on the condition that donation of Rs. 10,000 is payable by Mr. Y to a trust. The amount of Rs. 10,000 is paid by Mr. Y by reason of purchase of furniture. Hence, Rs. 10,000 will be treated as consideration for sale of furniture. Thereby Mr. X is liable to pay GST on f 10,000 in addition to the value of furniture.

QUESTION 23. M/s Dev Ltd. agreed to sell its business to M/s RN Ltd., for a consideration of Rs. 50,00,000. M/s Dev Ltd. further agrees that it will not conduct same or similar business for a period of 10 years, for which M/s RN Ltd., paid Rs. 20,00,000. Hence, M/s Dev Ltd., consideration is Rs. 70,00,000.

QUESTION 24. Mr. A during long drive with his wife Bela violated traffic rules and was imposed fine of Rs. 1,000. The amount received as fine or penalty for violation of statutory provisions will not be considered as consideration.

QUESTION 25. The following generally not considered as consideration:
- Grant of pocket money
- Gift or reward (which has not been given in terms of reciprocity) or
- Amount paid on alimony for divorce

QUESTION 26. Subsidy given by the Government to benefit the farmers cannot be considered an additional consideration:
The Government provides subsidy, for the benefit of farmers but it is given to the manufacturer of fertilizers will not be considered as consideration.

QUESTION 27. Deposits: If refunded then, it is not a consideration. Therefore the same does not attract GST. If tax has already been paid the taxpayer would be entitled to refund.

If not refunded then, it is relating to a service, attract GST.

QUESTION 28. Equipment and instruments sent to manufacturers' factory for repairs and calibration within India on a returnable basis. Is it supply?

Answer:
It is not a supply. Since, no sale has taken place. It is sufficient to issue a challan for movement of goods without supply.

QUESTION 29. X Ltd. supplied spare parts freely to replace during warranty period. Is it supply and chargeable to GST?

Answer:
It is not supply.
GST is not chargeable if free replacement is provided by a business to customers without consideration under warranty.

QUESTION 30. Penalties levied on late or delayed payment of loans and advances are taxable supply?

Answer:
Yes. These are taxable under GST.

QUESTION 31. Suppose a supply of service for Rs. 1 crore was initiated prior to the introduction of GST, a payment of Rs. 20 lacs has already been made to the supplier and service tax has also been paid on the same, then IGST shall have to be paid on the balance Rs. 80 lacs.

QUESTION 32. Online information and data base access or retrieval services, where import of free services from Google and Facebook by Mr. Gopal located in India, without any consideration. Is it subject to GST?

Answer:
These are not considered as supply and hence not attract GST.
Note: GST will be levied only when services are provided with consideration.

QUESTION 33. Import (Downloading) of a song for consideration for personal use by Mr. Sen. Is it supply of service?

Answer:
Yes. It is supply of service and IGST will be levied.
Note: Services may be in the course or furtherance of business or not.

QUESTION 34. Mr. C of Chennai paid fees for online coaching obtained from a teacher located in USA for coaching of Accountancy course for his son.

Is it supply. If so who is liable to pay GST.

Answer:
Yes, it is supply. Even if receipt of this service is not for business or furtherance of business. Mr. C is not liable to pay GST under reverse charge mechanism. It is exempt from GST. Since, it is not OIDAR service.

QUESTION 35. Micro Apparels in Chennai, Tamil Nadu, avails fashion designing services of Rs. 50,00,000 from Prabhu Designs in Singapore.

Is it supply. If so who is liable to pay GST.

Answer:
Yes. It is supply (i.e. import of service).
Micro Apparels in Chennai being recipient of service is liable to pay IGST.

QUESTION 36. Import of some services by an Indian branch from their parent company, in the course or furtherance of business, without consideration. Is it taxable supply in India?

Answer:
Yes. It is a taxable supply in India and hence IGST will be levied.
Note: Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business will be subject to GST even if made without consideration (as per Schedule I of CGST Act, 2017).

QUESTION 37. M/s Z Ltd., upgrades the computer system. The existing computers and laptops, which do not support the upgraded version, donated to a Trust. This amounts to permanent transfer of business assets. The same will be treated as supply of goods and liable to GST in the hands of Z Ltd., provided if company availed input tax credit on such computers and laptops.

QUESTION 38. M/s Sankar Pvt. Ltd., being a trader in clothes permanently transfers 50% of its stock to a Society free of cost. In this case, transfer of business stock would amount to supply if the company had availed input tax credit on purchase of clothes.

QUESTION 39. Mr. Das purchased a car for personal use and after a year sold it to a car dealer for Rs. 2 lac. Will the transaction be a supply in terms of GST Act?

Answer:
This transaction is not a supply. Moreover, supply is made by the individual is not in the course or furtherance of business. Further, no input tax credit was admissible on such car at the time of its acquisition as it was meant for non-business use.

QUESTION 40. Mr. Rahim purchased a car for Business use and after 2 years transferred car for personal consumption to use at home. Will the transaction be a supply in terms of GST Act?
Note: ITC not availed by Mr. Rahim.

Answer:
No, because supply is not made by the individual in the course or furtherance of business. Further, input tax credit will not be admissible on such car at the time of its acquisition and it is not be a supply under GST as per schedule I.

QUESTION 41. M/s M & Co., a sole proprietor, is in the business of selling furniture. Its owner took a set of furniture to furnish his house permanently. Will the transaction be a supply in terms of GST Act?
Note: ITC on such furniture not availed.

Answer:
No, the transfer of the furniture by the owner without consideration is not a supply of goods, because credit is not allowed in case of personal consumption of business assets under sec 17(5) (g) of CGST Act.

QUESTION 42. M/s T Ltd., is in the business of Hotel. He purchase AC for business purpose and after 2 years, he transfer the AC to director without consideration. Will the transaction be a supply in terms of GST ACT?

NOTE: AC machines on which ITC availed.

Answer:
Yes, it shall be a deemed supply (as per schedule I).

QUESTION 43. Any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them:
M/s Beta & Co., holds 30,000 shares in M/s A Ltd. and 25,000 shares in B Ltd. Share Capital of M/s A Ltd: 1,00,000 Equity Shares of Rs. 10 each.
Share Capital of M/s B Ltd: 80,000
Equity Shares of Rs. 10 each.
Since, M/s Beta Ltd., holds more than 25% of the share in the company A Ltd. and B Ltd. they will be considered as related persons.

QUESTION 44. Reliable group has three companies namely M/s T Ltd., M/s L Ltd., and M/s O Ltd., as group companies and M/s Reliable Ltd., as a parent company. M/s Reliable Ltd., holds 25% of the shares in each group company. Therefore, T, L & O companies will be considered as related persons.

QUESTION 45. Ravi & Co., (a CMA firm) employer who is represents his employee before the Income Tax authorities but does not charge any professional fee in respect of the same. Is it supply? Liable to GST?

Answer:
It would constitute a taxable supply under GST and be subject to levy and collection of taxes.

QUESTION 46. Ram has received a sum of Rs. 5,00,000 from his employer on premature termination of his contract of employment. Ram needs your advice as to whether such receipts are liable to GST.

Answer:
It is not a supply. As per Section 7(2)(a) of CGST Act, 2017 supply excludes services provided by the employee to the employer in the course of employment (covered under Schedule III of CGST Act, 2017).
Hence, amounts so paid would not be chargeable to GST.

QUESTION 47. Mr. Raju, an employee provides his service on contract basis to an associate company of Vikram Enterprises, the employer.
The above activity is being carried out in lieu of specific monetary consideration. Is it supply? If so who is liable to pay GST?

Answer:
Yes. It is supply of service.

Liability to pay GST is in the hands of associate company of Vikram Enterprises (as per Sec. 9(4) of the CGST Act, 2017.
Note:
(i) Since, Mr. Raju supplied services for consideration to associate company of Vikram Enerprises but not to his employer.
(ii) However, section 9(4) of the CGST Act, 2017 is suspended till 31st March 2018.

QUESTION 48. Salary paid to partners by partnership firm is liable to GST?

Answer:
No. It is not supply.
It is merely an appropriation of profit.

QUESTION 49. CMA Ram, a Practicing Cost Accountant, has a registered head office in Chennai. He has also obtained registration in the State of Andhra Pradesh in respect of his branch office. CMA Ram shall be treated as distinct persons in respect of registrations in Tamil Nadu and Andhra Pradesh. Transactions between head office and branch office will be considered as supply of service even though there is no consideration.

QUESTION 50. Mr. C of Chennai makes taxable supply from Tamil Nadu exceeds Rs. 20 lakhs. Therefore, Mr. C will be required to obtain registration in Tamil Nadu. Such person may have establishment is the State of Telangana where no taxable supplies are made but only the establishment in Telangana helps in handling of materials like procuring and storing. Hence, establishment in Tamil Nadu and establishment in Telangana will be considered as distinct person even when establishment in Telangana is not registered (Sec. 25(5) of CGST Act, 2017).

QUESTION 51. M/s C Ltd. has 3 branches A, B & Z in different states. A in Telangana has run out of stock and B from Andhra Pradesh transfers its excess stock.
Is it supply of goods? GST will be levied?

Answer:
Yes. It is supply of goods and liable to IGST. Gifts not exceeding Rs. 50,000/- in value in a financial year by an employer to an employee:

QUESTION 52. M/s Guideline Academy Pvt. Ltd., gives Diwali Gifts to each employee worth Rs. 75,000/-. Since, an employee and employer are considered to be related persons, such gift treated as supply and would be leviable to GST on the entire value.
(C) Supply to agents or by agents:

QUESTION 53. M/s P Ltd., registered person located in Cochin and having a godown in Cochin transfers the goods to clearing and forwarding agent (C&F Agent) located in Chennai. Such activity of transfer shall be considered as

supply even if there is no consideration for such transfer and hence, leviable to GST.

QUESTION 54. Paul & Co. engages Honda Cars Ltd. as an agent to sell cars on its behalf. Honda Cars Ltd. has supplied 50 cars to the showroom of Paul & Co., located in Chennai. Supply of cars by Honda Cars Ltd. to Paul & Co., will qualify as supply and the same is leviable to GST.

QUESTION 55. M/s M Ltd. being a garment manufacturer appoints Mr. Ram as an agent, who stores garments manufactured by
M Ltd. and sends to dealers whenever M Ltd. asks Mr. Ram to do so. Is it a supply?

Answer:
Yes. Transfer of garments from M Ltd. to Mr. Ram is taxable supply under GST. GST will be levied.

QUESTION 56. Apte & Apte Ltd is located in India and holding 51% of shares of Wilson Ltd, a USA based company. Wilson Ltd provides Business Auxiliary Services to Apte & Apte Ltd., will be treated as supply.

QUESTION 57. Sparsh Ltd. of Mumbai imports business support services from its head office located in USA. The head office has rendered such services free of cost to its branch office. Services received by Sparsh Ltd. will qualify as supply even though the head office has not charged anything from it.

QUESTION 58. A shopping complex owned by M/s X Ltd and M/s Y Ltd. At a latter date M/s X Ltd. sold his share in shopping complex to M/s Z Ltd. and hence, ownership is not transferred to M/s Z Ltd., but only share in property is transferred to M/s Z Ltd. It is a supply of service.

QUESTION 59. Mr. A provides machine to Mr. B and he permits Mr. B to use the machine, provided Mr. B pays for the machine after two months, when the property of goods will be transferred to Mr. B. It will be considered as a transaction in goods and service. Therefore, it is a supply of goods.

QUESTION 60. If a residential premise is used for residential purposes as well as for some business purpose, the said activity of leasing of residential complex would be covered in the definition of supply and eligible to GST.
Such activities could be:

- coaching by teacher at his residence or
- Carrying out professional activities from the residence of an Advocate or Chartered Accountant or Cost Accountant etc.
- Even storing of business goods in the residential premise.

QUESTION 61. Any activity carried out on the product whether for bringing change in the product or not will be considered as processing of the product.
Job-work performed by a job worker like cleaning and painting.

Job-work performed by a job worker like converting raw material into finished goods.

QUESTION 62. Mr. A a trader of steel articles purchases steel bars of 10 meters for Rs. 1,00,000. He gave these steel bars to Mr. B (job worker) for cutting the bars. Mr. B charged Rs. 20,000 **as his job work** charges. Mr. B seeks clarification whether he will be liable to pay GST on the cut bars and if so, find the value?

Answer:
Mr. B being a job worker is liable to pay GST. Value of job work charges is Rs. 20,000. It is called as supply of service.

QUESTION 63. Crown Beers India Pvt Ltd., supplies raw material to a job worker Kareena Ltd. for manufacture of alcoholic liquor for human consumption. After completing the job-work, the finished product of 5,000 beer bottles are returned to Crown Beers India Pvt Ltd., putting the retail sale price as Rs. 200 on each bottle (inclusive of duties and taxes). Kareena Ltd., charged Rs. 100 per bottle as job work charges of carrying out of intermediate production process of alcoholic liquor for human consumption from Crown Beers India Pvt. Ltd.
Find the GST liability if rate is 18% (CGST 9% and SGST 9%) any in the hands of Kareena Ltd.

Answer:
Carrying out of intermediate production process of alcoholic liquor for human consumption on job work basis attract GST.

CGST (5,000 bottles x Rs. 100 x 9%)	Rs. 45,000
SGST (5,000 bottles x Rs. 100 x 9%)	Rs. 45,000
Total tax liability of Kareena Ltd.	Rs. 90,000

Note: GST not attract on manufacture of alcoholic liquor. Since, it is the State subject, which will attract State Excise Duty.

QUESTION 64. Sale of office computers or furniture is supply of goods.

QUESTION 65. Free samples freely supplied to others are also supply of goods.

QUESTION 66. Mr. Raj purchased a car for Business use and after one year sold it to a car dealer for Rs. 2 lac. Will the transaction be a supply in terms of GST Act?

Answer:
Transfer for a consideration shall be supply of goods, even if credit is not claim (as per Schedule II). Business assets used for personal purpose:
Schedule I of the CGST Act, 2017 does not provide that use of goods for private or personal purpose, whether without consideration will be considered as supply.

Hence, no GST is payable on use of the goods for private or personal purpose. However, ITC proportionately will be denied.

QUESTION 67. Mr. A is engaged in the business of transportation of passengers. He provides vehicle for the marriage of his Accounts Manager free of cost. It is supply of service, but no GST is payable (provided business not claiming Input Tax Credit).
If Mr. A charged f 2,500 it will be subject to GST.

QUESTION 68. Mr. X is engaged in the business of selling furniture. He organizes function in his house. As a result he used business furniture for the function. It is supply of service. Since, there is no consideration and hence no GST will be levied provided business not claiming ITC.

QUESTION 69. M/s X Ltd. provided car to one of its director for his personal purposes and charge fee Rs. 30,000 per month. It is supply of service and the same is taxable under GST.

QUESTION 70. A director takes a computer home for his private use. This computer is the company's business asset. It is supply of service.
GST is accountable on the use of the computer based on its cost.
However, if the company chose not to claim input tax on the computer purchased, the private use of the computer will not attract GST.

QUESTION 71. A director uses the company's car for his family outing.
It is supply of service.
The company was not entitled to claim the input tax incurred on the purchase of the car as it is disallowed. The company does not need to account for GST on the private use of the car as no input tax was claimed.

QUESTION 72. X Ltd. and Y Ltd. are related companies. Y Ltd. uses X Ltd. business asset namely large format printer to print high-resolution architectural plans for its client.

GST is accountable on the use of the printer based on its cost.
However, if X Ltd. chose not to claim input tax on the asset purchased, the use of this asset by another person will not attract GST.
Business Discontinued:

QUESTION 73. M/s Ravan & Co a partnership firm decided to dissolve the partnership firm. Goods left in stock taken over by partners. Taking over of goods by partners will be considered as a supply of goods. Since, business is not continued further.
Exceptions:

- the business is transferred as a going concern to another person; or
- The business is carried on by a personal representative who is deemed to be a taxable person.

In both the above cases, the business is continued. Therefore, it will not be considered as supply of goods.

QUESTION 74. Mr. Raj being a owner of shop is a registered person under GST. He has decided to close the business. At the time of deregistration he has closing stock of Rs. 15,00,000. Mr. Raj final GST return will show his supplies made during the last taxable period plus Stock in hand of t 15,00,000 during the deregistration. Find the amount of supply. Is it supply of goods or services?

Answer:
Amount to supply = Rs. 15,00,000 It is treated as supply of goods.

Note:
Mr. Raj has to pay GST on Rs. 15 lac.
However, Mr. Raj is not required to pay to GST on closing stock of Rs. 15 lac, provided ITC not availed on such stock.

QUESTION 75. Renting of vacant land to a stud farm for Rs. 1,50,000. Is it supply of service? will GST be leviable?

Answer:
It is supply of service. GST is liable to pay.

QUESTION 76. Leasing of vacant land to a poultry farm for Rs. 76,000. Is it supply of service?

Answer:
It is a supply of service.
However, specifically exempted from GST.
Note: It is an agricultural activity.

QUESTION 77. A builder has entered into agreement to sale a flat (carpet area 1900 sq ft) to customer. The additional information is as follows:
Price of flat (including apportioned value of cost of land): Rs. 42,00,000 (includes Prime Location Charges namely charges for getting sea view Rs. 2,00,000).
Charges for providing space for covered parking: Rs. 1,25,000.
The builder received part payment before construction was completed and balance amount was received after obtaining completion certificate from the Corporation.
Find the GST liability (CGST 6% and SGST 6%)?

Answer:
It is supply of service. Builder is liable to pay GST.

CGST 42,00,000 + 1,25,000) x 6%	= Rs. 2,59,500
SGST 42,00,000 + 1,25,000) x 6%	= Rs. 2,59,500
Total liability	= Rs. 5,19,000

QUESTION 78. M/s. ABC Ltd. provides the following relating to information technology software.
Compute the value of taxable service and GST liability (Rate of CGST 9% and SGST 9%)
(a) Development and Design of information technology software: Rs. 15 lakhs;
(b) Sale of pre-packaged software, which is put on media: Rs. 52 lakhs.

Answer:
(a) and (b) both are treated as supply of Service.
Value of Taxable supply of service is Rs. 67 Lakhs [i.e. Rs. 15 Lakhs + 52 Lakhs]
CGST is Rs. 6.03 lakhs
[i.e. Rs. 67 Lakhs x 9%].
SGST is Rs. 6.03 lakhs
[i.e. Rs. 67 Lakhs x 9%].

QUESTION 79. M/s X Ltd. paid penalty under section 49 of the CGST Act, 2017, Rs. 2,00,000 to the Department in the month of October 2018. Is it taxable under the GST law?

Answer:
It is not a supply of service. The fine or penalty chargeable by Government or local authority imposed for violation of statute, bye-laws, rules or regulations are not leviable to GST. Such fines or penalty are not recovered for tolerating non-performance of a contract.

QUESTION 80. Mr. C is a Practicing Cost Accountant given appointment to a client Mr. B representing the company for 10AM on Tuesday. Mr. B cancel the appointment at 9AM on Tuesday (i.e. one hour before appointment time). Advance paid by Mr. B for seeking the appointment is forfeited by Mr. C for cancelling the appointment. In the given case Mr. C, refraining from entering any other person at the given appointment time. This is called as supply of service. Therefore, forfeited amount is leviable to GST.

QUESTION 81. A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B Ltd., 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 CGST 9% and SGST 9%. Previous year turnover of M/s B Ltd. Rs. 2 crores. Find the following:
who is liable to pay GST on what amount?
total tax liability if any?

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

QUESTION 82. Ram has given his tempos on hire to Gupta Brothers for transportation of foodstuff for Rs. 40,00,000. He has also transferred the right to use such tempos to Gupta Brothers. Discuss whether Ram is liable to pay GST on the said transaction.

Answer:
It is treated as supply of service. Ram is liable to pay GST.

QUESTION 83. S Pvt. Ltd. was awarded a contract in July 2017 for providing flooring and wall tiling services in respect of a building located in Delhi by N Ltd. As per the terms of contract, S Pvt. Ltd. was to provide all the required material for execution of the contract. However, N Ltd. also provided a portion of the material.
Whether the services provided by S Pvt. Ltd. are subject to GST? If yes, determine the GST liability of S Pvt. Ltd. from the following particulars-

Particulars	Rs.
(i) Gross amount charged by the S Pvt. Ltd.	6,00,000
(ii) Fair market value of the material supplied by N Ltd.	1,00,000
(iii) Amount charged by N Ltd. for the material [included in (i) above]	60,000

Note: CGST 6% and SGST 6%.

Answer:
Works contract is treated as supply of service

Gross amount charged by the S Pvt. Ltd.		6,00,000
Add: Fair market value of the material supplied by N Ltd.		1,00,000
Less: Amount charged by N Ltd. for the material		(60,000)
Total value subject to GST		6,40,000
CGST 6% x 6,40,000 = SGST 6% x 6,40,000 = Total GST liability =	Rs. 38,400 Rs. 38,400 Rs. 76,800	

QUESTION 84. Food supplied in a restaurant has the facility of air-conditioning:

Particulars	Amount
Total Food Bill	1,000
Service charges @10%	100
Total bill (before GST)	1,100
Add: CGST 9% on Rs. 1,100	99
Add: SGST 9% on Rs. 1,100	99
Total Bill payable by customer (rounded off)	1,298

Note: Supply of alcoholic liquor for human consumption will not be considered as a service. It will continue to be taxed by the State in the manner currently being taxed.

QUESTION 85. A club has opened up a shop. The members can purchase various goods from such sops. It is a supply of goods.
A local association supplies tea and snacks to its members during its meeting for a nominal payment. It is also called as supply of goods.

QUESTION 86. There are 4 members in the JV including the operating member and each one contributes `100 as part of their share. A total amount of ` 400 is collected. The operating member purchases machinery for `400 for the JV to be used in oil production. Answer: In given case, the money paid for purchase of machinery is merely in the nature of capital contribution and is therefore a transaction in money. It will not be the subject matter of 'GST'.

QUESTION 87. There are 4 members in the JV including the operating member and each one contributes `100 as part of their share. A total amount of `400 is collected. The operating member thereafter uses its own machine and performs exploration and production activities on behalf of the JV.

Answer: The operating member uses its own machinery and is therefore providing 'service' within the scope of supply of CGST Act, 2017. This is because in this scenario, the operating member is recovering the cost appropriated towards machinery and services from the other JV members in their participating interest ratio. Therefore, it will attract GST in the hands of operating member.

QUESTION 88. You are required to answer the following: (i) Whether transfer of tenancy rights to an incoming tenant, consideration for which is in form of tenancy premium, shall attract GST when stamp duty and registration charges is levied on the said premium, if yes what would be the applicable rate? (ii) Further, in case of transfer of tenancy rights, a part of the consideration for such transfer accrues to the outgoing tenant, whether such supplies will also attract GST?

Asnwer: (i) The activity of transfer of 'tenancy rights' is squarely covered under the scope of supply and taxable per-se. Transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is taxable. However, renting of residential dwelling for use as residence dwelling against tenancy premium or periodic rent or both is exempt. (ii) As regards services provided by outgoing tenant by way of surrendering the tenancy rights against consideration in the form of a portion of tenancy premium is liable to GST. Note: The applicable rate of GST 18%.

QUESTION 89. Raja Raja Chola Sales, an air-conditioner dealer in Thanjavur, Tamilnadu, needs 4 air-conditioners for his newly constructed house in Gangaikondai Cholapuram Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply under section 7 of the CGST Act, 2017.
(2 marks; 2019 - Dec)

(ii) Further, a Thanjavur resident, Vikrama Pandiya, approached Raja Raja Chola Sales. He sold an air-conditioner to Raja Raja Chola Sales for Rs.5,000. Vikrama Pandiya had bought the said air-conditioner six months before, for his residence. Does sale of the air-conditioner by Vikrama Pandiya to Raja Raja Chola Sales amount to supply under Section 7 of the CGST Act, 2017? (2 marks; 2019 - Dec)

COMPOSITE & MIXED SUPPLY

INTRODUCTION

1) Composite supply is when two or more goods are sold in a combination, it becomes difficult to identify the rate of tax to be levied.

2) For such goods or services, CGST Act, 2017 has provided with two terms: (i) Composite supply and (ii) Mixed supply

3) Both Composite supply and Mixed supply consist of two or more taxable supplies of goods or services or both but the main difference between the two is that Composite supply is naturally bundled i.e., goods or services are usually provided together in normal course of business and cannot be separated. Whereas in Mixed supply, the goods or services can be sold separately

COMPOSITE SUPPLY

1) Composite supply consists of two or more goods/services, which is naturally supplied with each other in the ordinary course of business and one of them is a principal supply.

2) The items cannot be supplied separately.

3) Principal supply means the supply of goods or services, which constitute the predominant element of a composite supply and to which another supply is ancillary/secondary.

4) Following two conditions are necessary for composite supply:
(a) Supply of two or more goods or services together, **AND**
(b) It should be a natural bundle and they cannot be separated.

5) GST will apply at the rate applicable on Principal Supply on the value of entire bundle.

MIXED SUPPLY

1) In Mixed supply two or more individual supplies combination of goods or services with each other for a single price.

2) Each of these items can be supplied separately and is not dependent on each other. In other words, the combination of goods or services are not bundled due to natural necessities, and they can be supplied individually in the ordinary course of business.

3) For tax liability purpose, mixed supply consisting of two or more supplies shall be treated as a supply of that item which has the highest tax rate.

PRACTICAL PROBLEMS

QUESTION 1. From the following information determine the nature of supply and tax liability.

XYZ Ltd. a manufacturer of cosmetic products supplied a package consisting of hair oil (GST Rate - 18%), sun screen cream (GST Rate - 28%), shampoo (GST Rate - 28%) and hair comb (GST Rate -12%). The price per package is`500 (exclusive of taxes). 10,000 packages were supplied by the company to its dealers. Determine the nature of supply and its tax liability.

Solution: This supply would be regarded as mixed supply, since in this case each of the goods in the package have individual identity and can be supplied separately, but are deliberately supplied conjointly for a single consolidated price. The tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods, or services) which suffers the highest rate of tax from amongst the supplies forming part of the mixed supply.

Therefore, the package will be chargeable to 28% GST.

The tax liability will be arrived as under :

Value of taxable supply per package	`500
No. of packages	10,000
Total Taxable Value of supply	`50,00,000
Applicable GST Rate	28%
Total Tax liability	**`14,00,000**

QUESTION 2. Booking of Air Tickets which involves cost of the meal to be provided during travel will be Composite supply and tax will be calculated on the principle supply which in this case is transportation of passengers through flight.

QUESTION 3.M/s P Ltd. entered into a contract with M/s Z Ltd. for supply of goods. Where goods are packed and transported with insurance. The supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

QUESTION 4.A Five-star hotel provides four days and three-night package, with breakfast. This is a composite supply as the package of accommodation facilities and breakfast is a natural combination in the ordinary course of business for a hotel. In this case, the hotel accommodation is the principal supply, and breakfast is ancillary to the hotel accommodation.

The hotel accommodation attracts 18% tax and the restaurant service attracts 28% tax. As per the example, hotel accommodation is the principal supply, and the entire supply will be taxed at 18%.

QUESTION 5. Mr. Ravi being a dealer in laptops, sold a laptop bag along with the laptop to a customer, for Rs. 55,000. CGST and SGST for laptop @18% and for laptop bag @28%. What would be the rate of tax leviable? Also find the GST liability.

Answer:
If the laptop bag is supplied along with the laptop in the ordinary course of business, the principal supply is that of the laptop and the bag is an ancillary.
Therefore, it is a composite supply and the rate of tax would that as applicable to the laptop. Hence, applicable rate of GST 18% on Rs. 55,000.

QUESTION 6. Diwali gift hamper which consist of different Items like sweets, chocolates, cakes, dry fruits packed in one pack is Mixed supply as these items can be sold separately and it shall be treated as a supply of that particular item which attracts the highest rate of tax.

QUESTION 7.M/s X Ltd. a dealer offer combo packs of shirt, watch, wallet, book and they are bundled as a kit and this kit is supplied for a single price and the supply of one item does not naturally necessitate the supply of other elements. Hence the supply is a mixed supply. Tax rate for a shirt, watch, wallet and book are 12%, 18%, 5% and Nil respectively. In this case, watch attracts the highest rate of tax in the mixed supply i.e., 18%. Hence, the mixed supply will be taxed at 18%.

QUESTION 8. Mr. A booked a Rajdhani train ticket, which includes meal. Is it composite supply or mixed supply?

Answer:
It is a bundle of supplies. It is a composite supply where the products cannot be sold separately. The transportation of passenger is, therefore, the principal supply.
Rate of tax applicable to the principal supply will be charged to the whole composite bundle.
Therefore, rate of GST applicable to transportation of passengers by rail will be charged by IRCTC on the booking of Rajdhani ticket.

QUESTION 9. Space Bazar offers a free bucket with detergent purchased. Is it composite supply or mixed supplyRs. Assume rate of GST for detergent @28% and bucket @18%.

Answer:
This is a mixed supply. These items can be sold separately.
Product which has the higher rate, will apply on the whole mixed bundle.

SCHEDULE I UNDER GST

WHAT IS IT

Generally, a transaction needs to have consideration in order to become supply for the purpose of charging GST. However, Schedule I contains **4 transactions** in which **consideration may be absent**. They will still attract GST.

1
PERMANENT TRANSFER OR DISPOSAL OF BUSINESS ASSETS WHERE INPUT TAX CREDIT HAS BEEN AVAILED ON SUCH ASSETS.

All kind of disposal or transfer of business assets made by an entity on permanent basis even without consideration will be treated as supply provided input tax credit has been availed on such assets.

#2
SUPPLY OF GOODS OR SERVICES OR BOTH BETWEEN RELATED PERSONS OR BETWEEN DISTINCT PERSONS AS SPECIFIED IN SECTION 25, WHEN MADE IN THE COURSE OR FURTHERANCE OF BUSINESS

1) Following is the list of related person:
(i) such persons are officers or directors of one another's businesses;
(ii) such persons are legally recognized partners in business;
(iii) such persons are employer and employee;
(iv) any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
(v) one of them directly or indirectly controls the other;
(vi) both of them are directly or indirectly controlled by a third person;
(vii) together they directly or indirectly control a third person; or
(viii) they are members of the same family;
(ix) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire.

2) Every place of business of a person where separate registration is obtained for output supply will be considered as distinct person.

3) A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

4) Where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union Territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

#3
SUPPLY OF GOODS—
(A) BY A PRINCIPAL TO HIS AGENT WHERE THE AGENT UNDERTAKES TO SUPPLY SUCH GOODS ON BEHALF OF THE PRINCIPAL; OR
(B) BY AN AGENT TO HIS PRINCIPAL WHERE THE AGENT UNDERTAKES TO RECEIVE SUCH GOODS ON BEHALF OF THE PRINCIPAL.

1) Supply of goods by the principal to an agent or by the agent to principal will be considered as a supply even if without consideration.
2) The said transactions are leviable under GST.

#4
IMPORT OF SERVICES BY A PERSON FROM A RELATED PERSON OR FROM ANY OF HIS OTHER ESTABLISHMENTS OUTSIDE INDIA, IN THE COURSE OR FURTHERANCE OF BUSINESS.

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

SCHEDULE II UNDER GST

WHAT IS IT

Schedule II of the CGST Act, 2017 has certain activities clearly classified as goods or services under GST to avoid any such confusion.

WHAT ALL IS GOODS

1) Transfer of the title in goods.

2) Transfer of title in goods under an agreement as per which property in goods shall pass at a future date.

3) Goods forming part of business are transferred or disposed off by the owner whether or not for a consideration.

4) If the owner ceases to be a taxable person then business assets will be assumed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person. This is not applicable when:

a. the business is transferred as a going concern to another person; or
b. the business is carried on by a personal representative who is deemed to be a taxable person.

5) Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

WHAT ALL IS SERVICE

1) Transfer of right in goods or share (undivided) in goods without the transfer of title.

2) Lease, tenancy, easement, licence to occupy land.

3) Lease or letting of any building including for business or commerce. (Building might be a commercial, industrial or residential complex rent out wholly or partly).

4) Any treatment or process which is applied to another person's goods

5) The owner (person carrying on business) uses or allows to use business assets for personal use.

6) Renting of immovable property (however, residential dwelling is exempted from GST).

7) Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire

consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

8) Temporary transfer or permitting the use or enjoyment of any intellectual property right.

9) Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of information technology software.

10) Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act.

11) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

12) Works contract services.

13) Supply by way of or as part of any other service or in any other manner whatsoever, of goods being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption).

SCHEDULE III UNDER GST

WHAT IS IT

1) Schedule III contains a list of activities which are considered neither Goods nor Services.

2) It means they will not attract GST even though they carry consideration and are being done in the course or furtherance of business.

ACTIVITIES SPECIFIED IN SCHEDULE III (NEGATIVE LIST)

1. Services by employee to employer in the course of or in relation to his employment.

2. Services by court or Tribunal

3. Services by Member of Parliament and others

4. Services by funeral, burial etc.

5. Sale of land/Building

6. Actionable claim other than lottery, betting and gambling.

7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.

8. (a) Supply of warehoused goods to any person before clearance for home consumption;

(b)Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption."

COMPOSITION SCHEME

INTRODUCTION

1) Composition scheme under the law is for small businesses.

2) This is to bring relief to small businesses so that they need not be burdened with the compliance provisions under the law.

3) Thus, an option has been provided where they can opt to pay a fixed percentage of turnover as fees in lieu of tax and be relieved from the detailed compliance of the provisions of law.

4) When compared to normal GST filing, the composite scheme offers two main benefits: reduced paperwork and compliance, and lower tax liability.

5) For instance, normal tax payers need to submit 3 monthly GST returns (GST-1, GST-2, and GST-3) and one annual return (GST 9).

6) However, if you've applied for the composition scheme GST, filing gets easier as you need to file just one quarterly return (GSTR 4), and one annual return (GSTR 9A).

7) Upon registering for the composition scheme under GST, you are liable to pay tax at a fixed rate of 1% to 6% of your turnover. For instance, if you are a manufacturer of goods other than tobacco, ice cream or pan masala, then under composition scheme of GST, you just have to pay 1% tax on your turnover.

8) Composition scheme assessee is not eligible to avail Input Tax Credit.

ELIGIBILITY FOR COMPOSITION SCHEME

1) **For manufacturers and traders:** turnover should not exceed Rs.1.5 crore in the current financial year.

2) **For restaurants not serving alcohol:** turnover should not exceed Rs.1.5 crore in the current financial year.

3) **For service providers:** turnover should not exceed Rs.50 lakh in the current financial year.

4) Additionally, the Rs.1.5 crore cap is further limited in Special Category States (1. Arunachal Pradesh 2. Manipur 3. Meghalaya 4. Mizoram 5. Nagaland 6. Sikkim 7. Tripura 8. Uttarakhand) to Rs.75 lakh.

COMPUTATION OF TURNOVER

1) Aggregate turnover includes:
   - ✓ The value of exported goods/services
   - ✓ Exempted goods/services or both which attracts nil rate of tax or wholly exempt from tax and includes nontaxable supply.
   - ✓ Inter-state supplies between distinct persons having same PAN
   - ✓ Supply on own account and on behalf of principal.

2) Aggregate turnover excludes
   - ✓ 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 Cess

3) The turnover will be computed PAN wise.

4) Supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in Sec. 143 of the CGST Act, 2017, and the value of such goods shall not be included in the aggregate turnover of the registered job worker. It will be included in the turnover of principal.

PERSONS NOT ENTITLED TO AVAIL COMPOSITION SCHEME

1) Engaged in the supply of services (other than restaurant and outdoor catering service), except exclusive small service provider having turnover of upto Rs. 50 Lakhs and supplying services along with Goods, of value not exceeding 10% of turnover in a State or Union territory in the preceding financial year or `5,00,000, whichever is higher.
2) Casual Taxable Person
3) Non-Resident taxable person
4) Engaged in making any supply of goods which are not leviable to tax under this Act.
5) Engaged in making any inter-state outward supplies of goods
6) Engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52
7) A manufacturer of such goods as may be notified by the Government on the recommendations of the Council(Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes, AERATED WATER)

CERTAIN RESTRICTIONS ON COMPOSITION DEALER

1) The person opting for the scheme must neither be a casual taxable person nor a non-resident taxable person.

2) The goods held in stock by him on the appointed day have not been –
- **a.** purchased in the course of inter-state trade or commerce or
- **b.** imported from a place outside India or
- **c.** received from his branch situated outside the State or
- **d.** from his agent or principal outside the State, where option is exercised under rule 3(1) of the CGST Rules, 2017 (i.e. who opted composition scheme at the time of migrating into GST).

3) The goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax under reverse charge (i.e. Section 9(4) of CGST).

4) He shall pay tax as per normal rates, in case of inward supply of goods and services or both received under Section 9(3) or (4) of CGST Act, 2017.

5) He was not engaged in the manufacture of goods as notified u/s 10(2)(e) of the CGST Act, 2017 during the preceding financial year.

6) Mandatory display on invoices of the words ”composition taxable person, not eligible to collect tax on supplies”.

7) Mandatory display of the words “Composition Taxable Person” on every notice and signboard displayed at a prominent place.

8) He can not avail benefit of ITC.

FRESH REGISTRATION IN COMPOSITION SCHEME

1) For fresh registration under the scheme , intimation in FORM GST REG - 01 must be filed.

2) If person has applied for registration within 30 days from the date when he is liable to obtain registration, the effective date is when he is liable to be registered.

3) If the applicant has submitted an application for registration after the expiry of 30 days from the date of his becoming liable to registration; the effective date of registration shall be the date of the grant of registration.

SHIFTING FROM NORMAL SCHEME TO COMPOSITION SCHEME

1) He must file intimation in FORM GST CMP - 02 for exercising option. Option can be exercised only before beginning of the Financial Year.

2) He must also file FORM GST ITC - 3 for details of ITC relating to inputs lying in stock, inputs contained in semi-finished or finished goods within 90 days of commencement of the relevant financial year.

3) Intimation sent by any place of business in any State shall be deemed to be intimation in respect of other place of business under same PAN.

4) Intimation in every year is not required

COMING OUT FROM COMPOSITION SCHEME

1) If it is a case of self withdrawl, whether volunatarily or upon non fulfilment of conditions or upon crossing turnover limit, Application for conversion should be filed in Form GST CMP-04 in 7 Days.

2) However, 7 Days rule can not apply in case of voluntary conversion where no limits were crossed.

3) If it is a cancellation of registration by GST Department, following steps will follow:
   a. Issue Show Case Notice in Form GST CMP – 05
   b. Within 15 days taxpayer must file reply in Form GST CMP – 06
   c. Issue order within 30 day in Form GST CMP – 07 either by accepting or denying the composition levy.

GST RATE FOR COMPOSITION DEALER

S.No.	Description	CGST	SGST	GST
1)	**Manufacturers, other than manufacturers of such goods as may be notified by the Government.**	0.5%	0.5%	1 %
2)	**Restaurant services and outdoor catering services**	2.5%	2.5%	5 %
3)	**Any other supplier eligible for composition levy under Section 10 and the provisions of this chapter**	0.5%	0.5%	1 %
4)	**Small Service Providers**	3%	3%	6%

VARIOUS FORMS FOR COMPOSITION DEALER

Composition Scheme Rules under GST - Compliance			
S. No.	Form Reqired	Purpose	Due Date
1	Form GST CMP-01	To opt for scheme by provisional registration holder	Prior to appointed date or within 30 days of the said date
2	Form GST CMP-02	Intimation of willingness to opt for scheme by registered person	Prior to the commencement of Financial Year
3	Form GST CMP-03	Details of stock and inward supplies from unregistered person	within 60 days of exercise of option
4	Form GST CMP-04	Intimation of withdrawal from scheme.	within 7 days of occurring of event
5	Form GST CMP-05	SCN on contravention of rules or Act, issued by Proper Officer	On contravention
6	Form GST CMP-06	Reply to show cause notice	Within 15 days
7	Form GST CMP-07	Issue of order	Within 30 days
8	Form GST CMP-08	w.e.f. 1-4-2019: Details of payment of self-assessed tax	18th day of the month scucceeding such quarter

PRACTICAL PROBLEMS

QUESTION 1.*Eligibility under composition levy:* Shubhlaxmi traders is engaged in trading of goods within the state of Maharashtra. In the preceding financial year, it has a turnover of`140 lakh from the trading of goods. Further, it has also earned a bank interest of`20 lakh from the fixed deposits. Shubhlaxmi traders wishes to opt for composition scheme in the current year. You are required to advise Shubhlaxmi traders on the same. Would your answer be different if Shubhlaxmi traders is also engaged in supply of farm labour and the turnover from the said activity is`14 lakh?

Ans: The eligibility of Shubhlaxmi traders under composition scheme is discussed as under -

> **Eligiblity under Composition scheme** : As per Section 10(1) of the CGST Act, 2017, a registered person, engaged in trading of goods and supplier of services whose aggregate turnover in the preceding financial year did not exceed`1.5 crore, may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates.

CGST (Removal of Difficulties Order), 2019 Order No. 1/2019-CT dated 01-02-2019 has been issued to provide that the value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account -
(a) for determining the eligibility for composition scheme under second proviso to Section 10(1) [which allows provision of services upto **10% of turnover in a State or Union territory in the preceding financial year; or`5,00,000,whichever is higher];**

(b) in computing aggregate turnover in order to determine eligibility for composition scheme.
Thus, in computing his aggregate turnover in order to determine his eligibility for composition scheme, value of supply of any exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

> **Subhlaxmi traders is eligible for composition scheme** : In the given case, the services provided by Shubhlaxmi traders apart from trading of goods, viz. services by way of extending deposits where the consideration is represented by way of interest shall not be taken into account for computation of aggregate turnover for determination of eligibility of composition scheme. Since the aggregate turnover of Shubhlaxmi traders do not exceed`1.5 crores in preceding financial year, it shall be eligible to opt for composition scheme.

> **Subhlaxmi traders is not eligible for composition scheme** : However, if Shubhlaxmi traders is also engaged in supply of farm labour, it will not be eligible for composition levy since as per Order No. 01/2019-CT only value of supply of exempt services by way of extending deposits, loans or advances in so far as the

consideration is represented by way of interest or discount, shall not be taken into account. Other exempt services shall be taken into account. Since its aggregate turnover is`1.54 crores in preceding financial year it will not be eligible to opt for composition scheme.

QUESTION 2.*Eligibility under Composition Scheme : A* Ltd. is a manufacturing concern in Pune. In Financial Year 2019-20 total value of supplies including inward supplies taxed under reverse charge basis are`1,52,60,000. (exclusive of taxes). The break up of supplies are as follows -

Particulars	
(1) Intra-State Supplies made under forward charge	
(2) Intra-State Supplies made which are chargeable to GST at Nil rate	75.00. 000
(3) Intra-State Supplies which are wholly exempt under Section 11 of CGST Act, 2017	43.00. 000
(4) Value of inward supplies on which tax payable under RCM	32.00. 000
	2,60,000

Briefly explain whether A Ltd. is eligible to opt for Composition scheme in Financial Year 2020-21.

Solution: A registered person, whose aggregate turnover in the preceding financial year did not exceed`1,50,00,000, may opt for payment of tax under Composition scheme.

As per Section 2(6) of the CGST Act, 2017, "Aggregate turnover" means the aggregate value of -

> all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),

> exempt supplies,

> exports of goods or services or both, and

> inter-State supplies

of persons having the same Permanent Account Number, to be computed on all India basis, but excludes -

> Central tax,

> State tax,

>Union territory tax,

> Integrated tax, and

> Cess.

Thus, aggregate turnover shall be computed as under — Computation of Aggregate Turnover *(amount in`)* :

(1) Supplies made under forward charge	
(2) Supplies made which are chargeable to GST at Nil rate ***(covered under exempt supply)***	75,00,000
(3) Supplies which are wholly exempt under Section 11 of CGST Act, 2017	43,00,000
(4) Value of inward supplies on which tax payable under RCM (specifically excluded)	32,00,000
	Nil
Total	**1,50,00,000**

Since, Aggregate turnover does not exceed`1,50,00,000 during the Financial Year 2019-20, So, A Ltd. is entitled for Composition Scheme for Financial Year 2020-21.

QUESTION 3.*Computation of composition tax liability :* A Ltd. a manufacturing concern of Rajasthan having aggregate turnover of`120 lakhs in financial year

2019-20 has opted for composition scheme furnishes you with the following information for Financial Year 2020-21. It requires you to determine its composition tax liability and total tax liability. The break up of supplies are as follows -

Particulars	
(1) Intra State Supplies of Goods X chargeable @5% GST	30,00,000
(2) Intra State Supplies made which are chargeable to GST at Nil rate	18,00,000
(3) Intra state supply of services chargeable with 5% GST	6,00,000
(4) Interest earned on fixed deposits	8,00,000
(5) Intra state supplies which are wholly exempt under Section 11 of CGST Act, 2017	2,40,000
(6) Value of inward supplies on which tax payable under RCM (GST Rate 5%)	5,00,000
(7) Intra State Supplies of Goods Y chargeable @18% GST	30,00,000

Also determine composition tax liability if A Ltd. is a trader.

Solution: The composition tax liability of A Ltd. shall be as under —

(1) Computation of Aggregate Turnover and composite tax *(amount in*

Particulars	Manufacturer	Trader
(1) Intra State Supplies of Goods X chargeable @5% GST	30,00,000	30,00,000
(2) Supplies made which are chargeable to GST at Nil rate	18,00,000	-
(3) Intra state supply of services chargeable with 5% GST	6,00,000	6,00,000
(4) Interest earned on fixed deposits	8,00,000	-
(5) Supplies which are wholly exempt under Section 11 of CGST Act, 2017	2,40,000	-
(6) Value of inward supplies on which tax payable under RCM (GST Rate 5%) ***(not to be included)***	Nil	Nil
(7) Intra-State supplies of goods Y chargeable @ 18% GST	30,00,000	30,00,000
Aggregate turnover	94,40,000	66,00,000
Rate of composite tax	1%	1%
Total Composite tax [A]	94,400	66,000

(2) Tax payable under reverse charge basis *(amount in`)*:

Value of inward supplies on which tax payable under RCM	5,00,000	5,00,000
Rate of GST	5%	5%
Tax payable under RCM [B]	**25,000**	**25,000**
Total Tax liability [A + B]	**1,19,400**	**91,000**

Working Note : As per Second proviso to Section 10(1) to provide that a composition supplier may supply services of value not exceeding 10% of the turnover in the preceding financial year in a State or Union Territory or`5 lakh whichever is higher. Thus, A Ltd. can supply services to the extent of 10% of`120 lakhs ***i.e.***`12 lakhs. Besides this **CGST**

(Removal of Difficulties Order), 2019 Order No. **1/2019-CT dated 01-02-2019** has been issued to provide that the value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account—

(i) for determining the eligibility for composition scheme under second proviso to Section 10(1) [which allows provision of services upto 10% of turnover in a State or Union territory in the preceding financial year; or`5,00,000, whichever is higher];

(ii) in computing aggregate turnover in order to determine eligibility for composition scheme.
Since the value of services provided excluding interest earned on deposits is`6,00,000 which is within the limit of`12 lakhs, hence A Ltd. is eligible for composition scheme.
Interest earned on fixed deposits is exempt from tax ***vide*** Entry 27 of Notification No. 12/2017-CT (Rate). The same shall not be taken into account for calculating tax liability in case of trader as only value of taxable goods and services is to be taken into account for computing composite tax liability.

QUESTION 4.*Normal Taxation v. Composition Scheme :*Mr. A, a retailer who keeps no inventories, presents the following estimated information for the year –

(1) Purchases of goods :`50 **lakhs** (GST @5%)
(2) Sales (at fixed selling price inclusive of all taxes)**:**`60 lakhs (GST on sales @ 5%)

Discuss whether he should opt for composition scheme if composite tax is 1% of turnover.
Expenses of keeping detailed statutory records required under the GST Laws will be`1,20,000 p.a., which shall **get** reduced to`50,000 if composition scheme is opted for. Other expenses are`3,00,000 p.a.

Solution: The cost to the ultimate consumer under two schemes is as under -

Particulars	**Normal GST Scheme (`)**	**Composition Scheme (`)**
Cost of goods sold ***(*No credit under composition scheme, hence, cost of goods sold will be higher)***	50,00,000	52,50,000
Add: Costs of maintaining records	1,20,000	50,000
Add: Normal Expenses	3,00,000	3,00,000
Total Costs	**54,20,000**	**56,00,000**
Sales (inclusive of all taxes)	60,00,000	60,00,000
Less: Tax (GST =`60 lakh x 5 -s-105); (Composite Tax =`60 lakh x 1%)	2,85,714	60,000
Sales (net of taxes)	**57,14,28**	**59,40,000**

	6	
Profit of the dealer (Sales, net of taxes - Total Costs)	**2,94,286**	**3,40,000**

Conclusion: It is apparent that while cost to ultimate consumer, in both the cases remains same, the profit of the dealer is higher if the dealer opts for composition scheme. Hence, composition scheme should be opted.

QUESTION 5.*Computation of Composite tax liability :* Madhur traders, a trading concern, has opted for composition scheme in FY 2019-20. It furnishes you the following details of supplies made for the quarter ending 30th June 2019. You are required to determine composite tax liability.

Particulars	?
(1) Intra-State taxable supply **(2) Intra-State exempt supply**	**28,00,000** **18,00,000**
Aggregate Turnover	**46,00,000**

Solution: Madhur Traders is a trading concern, hence it will be liable to pay tax @ 1% of the turnover of taxable supplies of goods and services in the State. Thus, the composite tax liability will be **1% of`28,00,000** =`**28,000** (`**14,000 - CGST** and`**14,000- SGST).** The value of exempt supply shall not be included for computation of GST liability of a trader.

QUESTION 6.*Eligibility under presumptive levy :* Sagar & Co. is engaged in supplying management consultancy services in Rajasthan. In the preceding financial year, it has a turnover of`45 lakh **from the** management consultancy service. Further, it has also earned a bank interest of`10 lakh from the fixed deposits. Sagar & Co. wishes to opt for presumptive levy under Notification No. 2/2019-CT(R) in the current year. You are required to advise Sagar & Co. on the same.

Ans: **Eligiblity under presumptive levy under Notification No. ^2019-CT (R) dated 07-03-2019** : As per
Notification No. 02/2019-CT (R) dated 07-03-2019, a registered person can claim the benefit of this presumptive scheme provided his aggregate turnover in the preceding financial year did not exceed`50 lakh.
In computing aggregate turnover in order to determine eligibility of a registered person to pay tax under this notification, value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.
Thus, in computing the aggregate turnover in order to determine the eligibility of Sagar & Co. for Presumptive scheme, value of supply of exempt services being bank interest shall not be taken into account. Thus, the aggregate turnover of Sagar & Co. is`45 lakh (turnover from management consultancy services).
From the aforesaid discussion, it can be inferred that Sagar & Co. is eligible for presumptive scheme for service suppliers.

QUESTION 7.*Computation of tax liability under Presumptive levy :* Mr. X started profession of Architect w.e.f. 01-04-2020. His value of intra-state taxable supplies upto 30th September 2020 was`20 lakh. He applied for registration on

1st October 2020 and opted for Presumptive scheme for service suppliers in registration application and was granted registration as per provisions of GST law. He made intra-state taxable supplies of`35 lakhs for the quarter ending 31-12-2020. You are required to determine his Presumptive tax liability under Notification No. 2/2019-CT (R) for the period 01-04-2020 to 31-12-2020.

Solution: As per Notification No. 02/2019-CT (R) dated 07-03-2019, if registered person is eligible to take the benefit of this notification, he shall pay GST at the rate of 6% (3% CGST and 3% SGST/UTGST) on his aggregate turnover *i.e.* "First supplies of goods or services or both" upto`50 lakhs.
"First supplies of goods or services or both" shall, 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.
Thus, where supplier has taken the GST registration for the first time, the presumptive tax at the rate of 6% shall be payable on the supplies made by him only after the date of registration. Thus, the amount of composition tax liability under Notification No. 2/2019-CT (R) will be`35,00,000 x 6% =`210,000.

QUESTION 8.M/s X Ltd. being a manufacturer of laptops has four factories in Chennai, Salem, Coimbatore and Madurai.

Place	P.Y. Turnover Rs. in lakhs (Including Taxes @ 18%)
Chennai	57.91
Salem	12.00
Coimbatore	8.00
Madurai	30.00
Chennai -II	43.60
Total	151.51

Is M/s X Ltd eligible for composition levy in the current year?

Answer:
Aggregate turnover = 151.51 x 100/118 = Rs. 128.39831 lakh
Note: Since, aggregate turnover in the preceding financial year does not exceed Rs. 1.5 crore, M/s X Ltd. is eligible for composition Scheme.

QUESTION 9.M/s Paul Ltd. being a trader of laptops has two units in Chennai and in Mumbai.

Place	P.Y. Turnover f in lakhs (Excluding taxes)
Chennai	52.00
Mumbai	12.00

Your are required to answer the following:
(a) Is M/s Paul Ltd eligible for composition levy in the current year?
(b) If so, can M/s Paul Ltd. opt composition scheme for Chennai location and normal scheme for Mumbai?

(c) Need to give separate intimations for opting composition scheme in each State.

Answer:
(a) Yes. M/s Paul Ltd. is eligible to avail the composition scheme in both the states namely Tamil Nadu and Maharashtra.
Since, M/s Paul Ltd. has same PAN, and his aggregate turnover does not exceeds rupees 1.5 crore, it is eligible for composition levy, even though the company has multiple registrations under GST.

(b) No. M/s Paul Ltd. cannot opt composition scheme for one location and normal scheme for another location.
Where more than one registered persons are having the same Permanent Account Number (issued under the Income-tax Act, 1961), the registered person shall not be eligible to opt for the scheme under sub-section (1) of Section 10 of CGST Act, 2017 unless all such registered persons opt to pay tax under that sub-section.

(c) Intimation to opt composition scheme in respect of any place of business in any State or Union Territory shall be deemed to be intimation in respect of all other places of business registered on the same Permanent Account Number (PAN).

QUESTION 10. M/s X & Co., sells electrical cables, motors and wires. Company also undertake to repair switches, motor sets. Turnover during preceding financial year from sale of goods is Rs. 59 lakhs, whereas repairing unit is Rs. 1 lakh. Is M/s X & Co. eligible for composition scheme. Advice.

Answer:
Yes. Since, supply services (other than those referred to in clause (b) of paragraph 6 of Schedule II), of value not exceeding 10% of turnover in a State or Union territory in the preceding financial year or `5,00,000, whichever is higher Therefore, the benefit of composition scheme will be extended to M/s X & Co.

Working Note: Value of service = `1 L/ 60 L x 100 = 1.67%

QUESTION 11. Mr. Q is a paper merchant own 5,000 sq ft., shop at Chennai. Mr. Q offered extra space available in their shop to supplier to put up their advertisement. His turnover in the previous year from sale of goods Rs. 20 lakhs and advertising services Rs. 2 lakhs. Is Mr. Q eligible for composition scheme in the current year?

Answer:
Yes. Value of service = `2 L / `22 L x 100 = 9.09%
Mr. Q being a paper merchant whose supply of services do not exceed 10% of total supply or `5 L whichever is higher. Hence, the benefit of composition scheme is allowed.

QUESTION 12. Hotel King Pvt., Ltd. provider of restaurant services in New Delhi. They also serve beer, whisky and so on. Turnover in the preceding previous year is Rs. 67 lakhs. Is Hotel King Pvt. Ltd. eligible for composition scheme in the current year?

Answer:
Hotel King Pvt. Ltd., is not eligible for composition scheme. Since they are supplying the product, which is not levied to GST (namely beer, whisky).

QUESTION 13. Mr. A of Chennai is a retailer dealing with cell phones. He supplies goods to the person located in Chennai and Pondicherry. Aggregate turnover in the preceding financial year is Rs. 45 lakhs. Mr. A wants to opt for composition scheme in the current financial year. Advise.

Answer:
No. When the person makes inter-state supply of goods, benefit of composition scheme is prohibited. Therefore, Mr. A will not be entitled to the benefit of composition scheme.

QUESTION 14. Peter England is a trader who sells his ready-made clothes online on Amazon India (an Electronic Commerce Operator). He received an order for Rs. 12, 00,000 in the previous year. Peter England also supplied goods from there out lets. Aggregate turnover of the company in the previous year was Rs. 21,00,000.
Is Peter England eligible for composition scheme?

Answer:
No. Peter England engaged in making supply of goods through an electronic commerce operator who is required to collect tax at source under section 52 of CGST Act, 2017. Hence, Peter England is not eligible for composition scheme.

QUESTION 15. Hot Breads Pvt. Ltd is the supplier of bakery products registered in the current financial year (2017-18) w.e.f. 1st Oct 2017. In the month of Oct 2017 total taxable supplies Rs. 88 lakhs.
Answer the following:
(a) Is Company eligible for Composition Scheme?
(b) If so company wants to pay tax @ 1% being a trader. However, the Deputy Commissioner of Central Tax contended that the assessee is liable to pay tax @ 5% under the Food and Restaurant Services category? Advise.

Answer:
(a) Hot Breads Pvt. Ltd. is eligible for composition levy in the current year.
(b) The supply of food and restaurant services category is the only service included under the composition scheme. For a business to be categorised as food and restaurant services, there needs to be an element of service involved.
In the given case, supply of bakery products, there is only a supply of goods i.e. food items but there is no element of supply of service. Hence supply of bakery products is eligible to pay GST under the Traders category and not Food and Restaurant Services category.
Therefore, department's contention is not correct.

QUESTION 16. 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		Normal Provision		
Particulars	**Value**	**Particulars**	**Value**	
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				

QUESTION 17. If a person is liable to be registered on 1st Oct 2017 and he has applied for registration on 17th Oct 2017, the date of registration will be 1st Oct 2017. As a result effective date of registration for composition levy is 1st Oct 2017.

Rule 10(3) provides that the applicant has submitted an application for registration after the expiry of 30 days from the date of his becoming liable to registration; the effective date of registration shall be the date of the grant of registration.

QUESTION 18. If a person is liable to be registered on 1st Oct 2017 and he has applied for registration on 17th Nov 2017. Registration granted on 20th Nov 2017.

The effective date of registration will be the date of grant of registration (i.e. 20th Nov 2017). As a result effective date of registration will be effective date for opting for composition scheme (i.e. 20th Nov 2017).

QUESTION 19. If a person is liable to be registered on 11th Oct 2017 and he has applied for registration on 17th Oct 2017, what is the effective date of registration for composition levy.

Answer:
Effective date of registration for composition levy is 11th jan 2020

QUESTION 20. A person is liable to be registered on 1st Oct 2017 and he has applied for registration on 17th Nov 2017. Registration granted on 20th Nov 2017.

What is the effective date of registration if he wants to opt composition levy.

Answer:
The effective date of registration will be the date of grant of registration.
As a result effective date of registration will be effective date for opting for composition scheme (i.e. 20th Nov 2017) provided no discrepancies found.

QUESTION 21. Mr. Sitaram 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:

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

Answer:
a) Mr. Sitaram is providing services in consulting firm hence he is not eligible for composition scheme.
b) If a business is ineligible to opt for composition then all other business registered under the same PAN shall automatically ineligible for the composition scheme. So Mr. Sitaram is not eligible for composition scheme only for showroom.
c) Restaurant services and readymade garments show room are eligible for the composition scheme. Hence Mr. Sitaram is eligible for Composition Scheme, since, his aggregate turnover is Rs. 72 lakhs (i.e. less than Rs. 1.5 crore).
d) Yes, Mr. Sitaram is eligible for composition scheme as turnover of his firm does not exceed Rs. 1.5 crore in the preceding financial year.

QUESTION 22. 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 leviable to GST, exempted and non-taxable respectively. Whether Mr. Rahim is eligible for Composition Scheme?

Answer:
If a person is selling the goods, which are not leviable to tax under GST, then he is not eligible to opt for composition scheme.
In this case even though the aggregate turnover not exceeds Rs. 1.5 crore, Mr. Rahim is not eligible for composition Scheme.

QUESTION 23. 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 Scheme as there is restriction on outward interstate supply not on inward interstate supply.

QUESTION 24. Turnover of Mr. Roy in the preceding financial year is Rs. 49 Lakh. Mr. Roy has opted for Composition Scheme. During the year on 18th February 2018, turnover of Mr. Roy exceeds Rs. 1 crore. What compliances are required to carry by Mr. Roy?

Answer:
Mr. Roy is required to do the following compliances:
File a FORM GST CMP-04 within 7 days i.e. before 25th February 2018.
Details of stock and capital goods, as on 18th February, 2018, are required to file in FORM GST ITC-01 within 30 days i.e. before 20th March 2018 to take the credit of input on the same.

QUESTION 25. 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 sec. 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 (@2%)	
				0.5% CGST	0.5% SGST
A	Andhra Pradesh	10 lakh	5 lakh	2,500	2,500
B	Tamil Nadu	85 lakh	10 lakh	5,000	5,000

QUESTION 26. From the following cases, you are required to suggest if the registered person can opt for composition scheme as per Section 10 of CGST Act for the Financial Year 2020-21. You are required to narrate relevant provision of the law with applicable composition tax rate, in each case, if the registered person can opt for the composition scheme.

(i) M/s. Rajesh Khanna Enterprises, Nagpur (Maharashtra), engaged in the business of manufacture of Tobacco products has shown an aggregate turnover of Rs.90 Lakhs during the Financial year 2019-20.

(ii) M/s. Pramod & Co., Imphal (Manipur), engaged in the business of manufacture of textile carpets has shown an aggregate turnover of Rs.85 Lakhs during the Financial year 2019 -20.

(iii) M/s. Kwality Ice Cream Parlour, Bangalore (Karnataka), engaged in the business of trading of ice cream has show an aggregate turnover of Rs.60 Lakhs during the Financial year 2019-20.

(iv) M/s. British Bakeries. Coimbatore (Tamilnadu) is engaged in the business of supply of bakery products, both in take away packs and served in ready to eat containers in order to cater the needs of the customers who consume the products on the spot, has shown an aggregate turnover of Rs.1.26 Crores during the Financial year 2019-20.

(2x4 = 8 marks; 2019 - Dec)

QUESTION 27. What are the primary conditions to be fulfilled by a person who wish to opt for the concessional rate of tax @ 6% as provided in Notification No. 02/2019 Central Tax (Rate) dated 07.03.2019?
(7 marks; 2019 - Dec)

QUESTION 28. 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. Whether Ram & Co. is eligible for composition scheme in the current 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*

QUESTION 29. M/s ABC & Co., made the following supplies during the month of October 20XX: (a) Restaurant, mobile dealership and textile manufacturing unit. (b) Rework, in the following restaurant, supply of mobile through an ecommerce operator.

Answer: (a) Yes. M/s ABC & Co., is eligible for composition scheme in the current year (b) No. M/s ABC & Co., is not eligible for composition scheme in the current year.

QUESTION 30. Prem is running a consulting firm and also a fancy store, registered under the same PAN number. Turnover of the fancy store is

`65,00,000 and receipt of consultancy firm is `10,00,000 in the preceding financial year. You are required to provide answers with supporting explanatory note for each answer to the following questions:
(i) Is Prem eligible for composition scheme under CGST Act?
(ii) Whether it is possible for Prem to opt composition scheme only for fancy store?
(iii) If prem is running a restaurant with turnover of `65,00,000 instead of consultancy firm as well as a fancy store, would he be eligible for composition scheme?

Answer:

(i) As per section 10(2)(a) of CGST Act, 2017 if a taxable person is engaged in the supply of services (other than restaurant and outdoor catering service) is not eligible for Composition Scheme under CGST Act, 2017. Therefore, Prem is not eligible for composition scheme.

(ii) If a business is ineligible to opt for composition, then all other business registered under the same PAN shall automatically ineligible for the composition scheme. So Prem is not eligible for composition scheme only for fancy store.

(iii) Restaurant services and fancy store are eligible for the composition scheme provided the aggregate turnover does not exceeds `1.50 crore (in case of special category status States `75 lac). Hence, Prem is eligible for Composition Scheme. Since, his aggregate turnover is `130 lakhs (i.e. not more than `1.50 crore).

QUESTION 31. X Ltd. supplier of following services: Turnover during the P.Y.: – restaurant services ` 90 lac – Interest earned from loans ` 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]

QUESTION 32.

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:

(a) X & Co. is eligible to opt composition scheme in the current financial year?

(b) If so, find the CGST & SGST liability of X & Co. for the 1st quarter of the current financial year?

QUESTION 33. Mr. CMA Ram is a practicing Cost Accountant in Patna (Bihar). He commenced profession on 1st April 2019 and his annual turnover (intra-State) of `70 lakh in the financial year 2019-20. Find the tax liability under composition scheme (vide Notification No. 2/2019-Central Tax (Rate) dated 07thMarch, 2019) if any?

Answer: CGST 3% = `1,50,000 [(i.e. `70 lakh - `20 lakh) x 3%] SGST 3% = `1,50,000 [(i.e. `70 lakh - `20 lakh) x 3%]
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 2020-21, Mr. CMA Ram is not eligible for composition scheme vide Notification No. 2/2019-Central Tax (Rate), dated 07th March, 2019.

QUESTION 34.

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?

QUESTION 35.

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

Supply of goods	P.Y turer	Current Year
Wheat & rice (exempted supply)	₹80 lakhs	₹88 lakhs
Packed products (taxable supply)	₹8 lakhs	₹12 lakhs
Rent from commercial property	₹10 lakhs	₹2 lakhs
Rent from residential dwelling	₹2 lakhs	₹6 lakhs

You are required to answer the following:

(a) Mr. C of Chennai is eligible for composition levy scheme in the current year?

(b) If so, find the GST under composition levy in the current year?

Answer:

(a) Turnover in the previous year does not exceed ₹1.50 crore (i.e. in the given case it is ₹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. ₹12 L/₹100 x 100 = 12%).

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

LEVY AND COLLECTION

1) There shall be levy of tax called CGST & SGST on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined at such rates, not exceeding 20%.

2) It means maximum GST rate not exceeding 40% (i.e. CGST 20% and SGST 20%) on all intra-state supplies of goods or services.

3) There shall be levied of a tax called Integrated Goods and Services Tax (IGST) on all inter-State supplies of goods or services or both at such rates not exceeding 40%.

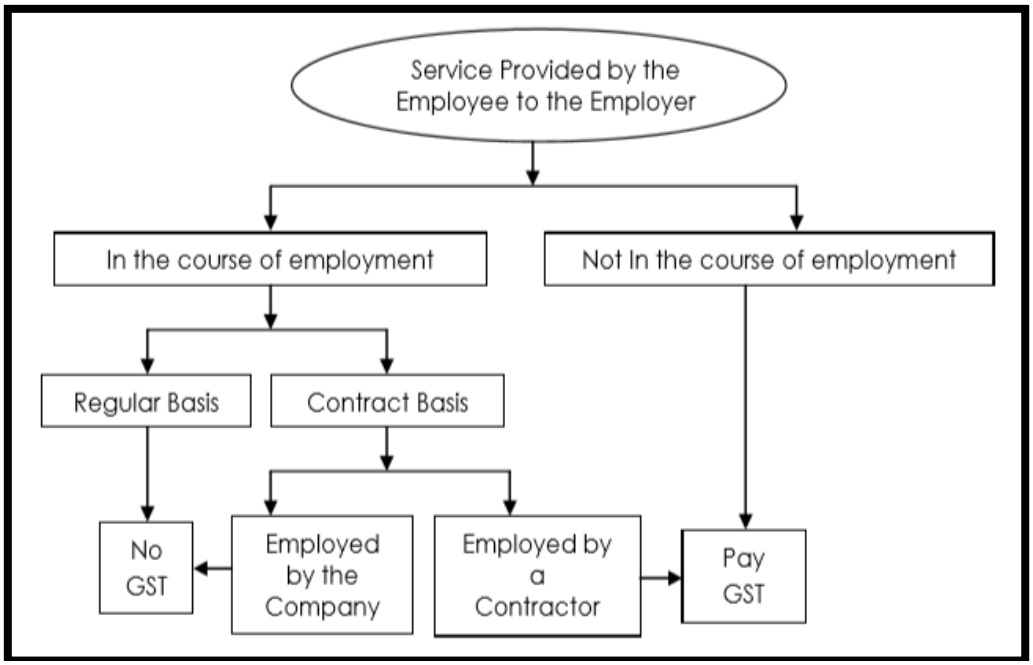
4) IGST on goods imported into India shall be levied.

5) GST will be levied on the supply of:
- Petroleum crude,
- High speed diesel,
- Motor spirit (commonly known as petrol),
- Natural gas and
- Aviation turbine fuel

with effect from such date as may be notified by the Government of India on the recommendation of the GST Council.

EMPLOYER EMPLOYEE RELATIONSHIP

INCLUSION AND EXCLUSION



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

Director	Contractual relationship 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	Nil
Executive Director	Yes	No	Nil
Non-Executive Directors	No	Yes	Company (under RCM)
Independent Directors / Nominee Director	No	Yes	Company (under RCM)

FRINGE BENEFITS

1) "The compensation to employees in the form of money is not a supply.
2) However, fringe benefits are supply of goods or services and are liable to tax if not exempted," as per the CBIC clarification.
3) The fringe benefits are transactions in furtherance of business.
4) "Even if supplied without consideration, the same are deemed supply" and will attract GST.

GIFTS NOT EXCEEDING `50,000/- IN VALUE IN A FINANCIAL YEAR BY AN EMPLOYER TO AN EMPLOYEE

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

2) However, Gift not exceeding ` 50,000 in value in a financial year by an employer to employee shall not constitute supply of goods or services or both.

IMPORT OF SERVICES UNDER GST

IMPORT OF SERVICES

1) There are two kinds of import of services covered under GST.

2) 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**.

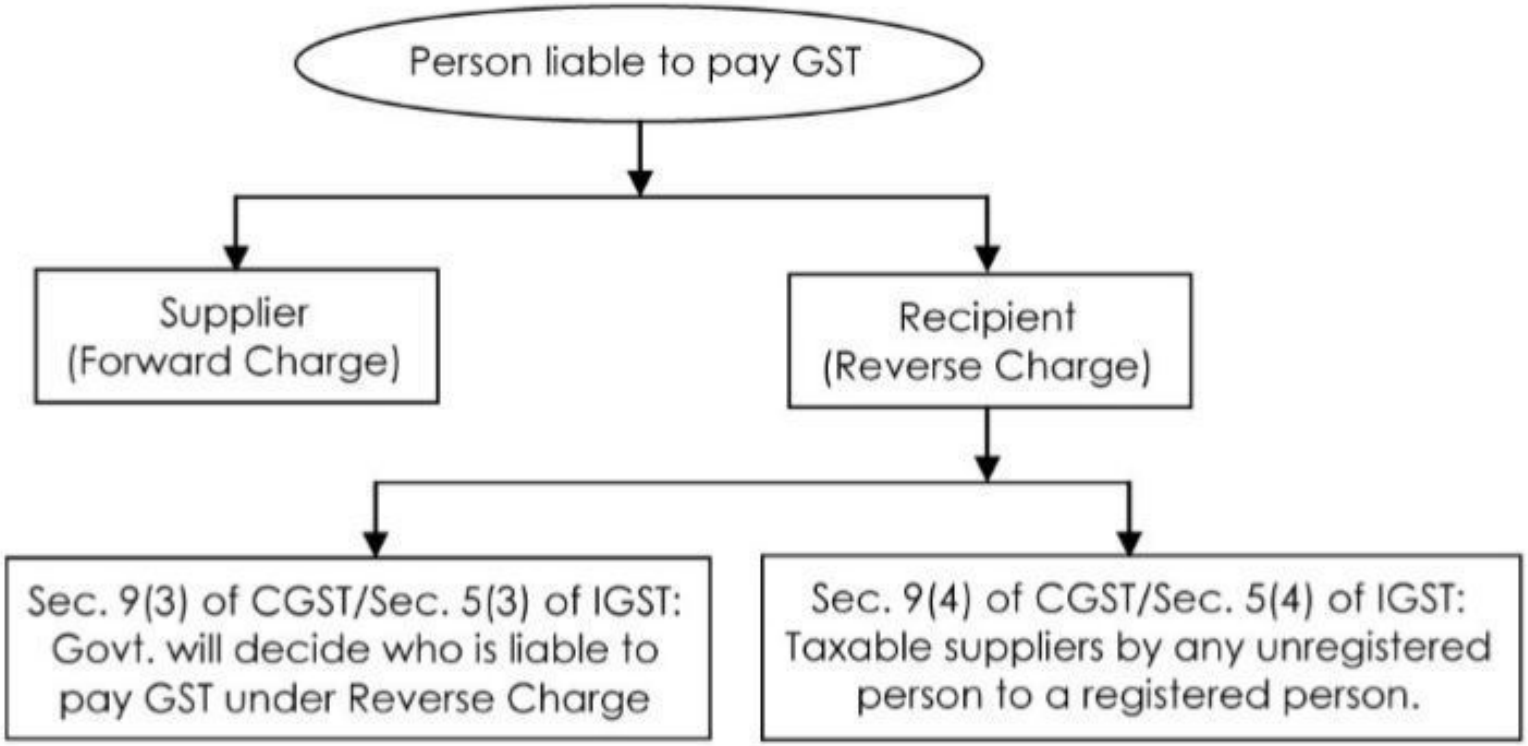
3) However, if the import of service took place **without consideration**, it will attract GST only if it fulfils conditions of **Schedule I.**

IMPORT OF SERVICE UNDER SCHEDULE I

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

If we analyse the points above, 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.

FORWARD AND REVERSE CHARGE

INTRODUCTION	Generally, the supplier of goods or services is liable to pay GST. However, in specified cases like imports and other notified supplies, the liability may be cast on the recipient under the reverse charge mechanism.
REVERSE CHARGE	Reverse charge means the liability to pay tax is on the recipient of supply of goods or services instead of the supplier of such goods or services in respect of notified categories of supply.
TYPES OF REVERSE CHARGE	

GOODS UNDER REVERSE CHARGE

S.No.	Description of supply of goods	Supplier of goods	Recipient of Goods
1.	Cashew nuts not shelled or peeled.	Agriculturist	Any registered person. Recipient of goods is liable to pay GST
2.	Bidi wrapper leaves (tendu)		
3.	Tobacco leaves		
4.	Raw Cotton		
5.	Priority Sector Lending Certificate	Any Registered Person	Any Registered Person
6.	Silk yarn	Any person who manufactures silk yarn from raw silk or silkworm cocoons for supply of silk yarn.	Any registered person. Recipient of goods is liable to pay GST
7.	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap.	Central Government, State Government , Union territory or a local authority.	Any registered person. Recipient of goods is liable to pay GST.
8.	Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent. Distributor or selling agent is liable to pay GST.

SERVICES UNDER REVERSE CHARGE

S. No	Description of supply of service	Supplier of service	Recipient of service	Person liable to pay GST
1.	GTA Services w.e.f. 1st January 2019, Services provided by GTA to Government departments/local authorities exempted which have taken registration only for the purpose of deducting tax under Section 51 not liable under RCM (N. No. 29/2018-CT(R), dated 31st December 2018).	Goods Transport Agency (GTA) Any	Any factory, society, cooperative society, registered person, body corporate, partnership firm, casual taxable person; located in the taxable territory	Recipient.
2.	Legal Services by advocate	An individual advocate, including a senior advocate or a firm of advocates	Any business entity located in the taxable territory	Recipient.
3.	Services supplied by an arbitral tribunal to a business entity	An arbitral tribunal	Any business entity located in the taxable territory	Recipient.
4.	Services provided by way of sponsorship to anybody corporate or partnership firm	Any person	Anybody corporate or partnership firm located in the taxable territory.	Recipient.
5.	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding: — (1) Renting of immovable property (w.e.f. 25.1.2018 RCM apply), and (2) Services specified below: — (i) Services by the Department of	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory	Recipient.

	Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers.			
5A.	Services supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the Central Goods and Services Tax Act, 2017 (12 of 2017).	Central Government, State Government, Union territory or local authority	Any person registered under the Central Goods and Services Tax Act, 2017.”;	Recipient.
5B	w.e.f. 1-4-2019, Services supplied by any person by way of transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter.	Any person	Promoter.	Recipient.
5C	w.e.f. 1-4-2019, Long term lease of land (30 years or more) by any person against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any	Any person	Promoter.	Recipient.

	other name) and/or periodic rent for construction of a project by a promoter			
6.	Services supplied by a director of a company or a body corporate to the said company or the body corporate	A director of a company or a body corporate	The company or a body corporate located in the taxable territory	Recipient.
7.	Services supplied by an insurance agent to any person carrying on insurance business. w.e.f 25.1.2018, To define insurance agent in the reverse charge notification to have the same meaning as assigned to it in clause (10) of section 2 of the Insurance Act, 1938, so that corporate agents get excluded from reverse charge.	An insurance agent	Any person carrying on insurance business, located in the taxable territory	Recipient
8.	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a non- banking financial company, located in the taxable territory	Recipient
9.	Supply of services by music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to musical or artistic works to a publisher, music company, producer or the like	Music composer, photograph her, artist, or the like	Music company, producer or the like, located in the taxable territory	Recipient
9A	w.e.f.1-10-2019: Supplier of	Author	Publisher located in the taxable	Recipient

	services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a)of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher		territory: Provided that nothing contained in this entry shall apply where,(i) the author has taken registration under the CGST and filed a declaration, in the form at Annexure I, within the time limit prescribed therein, with the jurisdic-tional CGST or SGST commissioner, as the case may be, that he exercises the option to pay central tax on the services specified (i.e. copyright by author) under forward charge in accordance with Sec 9(1) of CGST Act, 2017 and to comply with all the provisions of CGST Act, 2017 as they apply to a person liable for paying the tax in relation to the supply of any goods or services or both and that he shall not withdraw the said option within a period of ONE year from the date of exercising such option; (ii) the author makes a declaration, as prescribed in Annexure II on the invoice issued by him in the Form GST Inv-I to the publisher.		
10.	Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online	Any person located in a nontaxable territory	Any person located in the taxable territory other than non-taxable online recipient.	Recipient	

	recipient. Non-taxable online recipient means: As per Section 2(16) of the Integrated Goods and Services Tax (IGST) Act, 2017,— • any Government, • local authority, • governmental authority, • an individual or • any other person not registered and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory.				
11.	Services supplied by a person located in non- taxable territory by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India	A person located in non-taxable territory	Importer, as defined in clause (26) of section 2 of the Customs Act, 1962 (52 of 1962), located in the taxable territory.	Importer	
12.	Services provided by business facilitator (BF) to a banking company	Business facilitator (BF)	A banking company, located in the taxable territory		
13.	Services provided by an agent of business correspondent (BC) to business correspondent (BC).	An agent of business correspondent (BC)	A business correspondent, located in the taxable territory		
14.	Security services (services provided by way of supply of security personnel) provided to a registered person: Provided that	Any person other than a body corporate	A registered person, located in the taxable territory.”	Therefore, when Security services are provided to registered persons	

	nothing contained in this entry shall apply to,—(i) (a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies; which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services; or (ii) a registered person paying tax under section 10 of the said Act.			only then no need to take registration as per Section 23 of CGST Act, 2017. However, when supplier of security services provides services to registered as well as unregistered person then such supplier is required to take registration for supply to unregistered recipient and those under composition.
15.	w.e.f. 1-10-2019: services provide by way of renting of a motor vehicle provided to a body corporate	Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business.	Any body corporate located in the taxable territory.	Recipient
16.	services of lending of securities under Securities Lending Scheme 1997 of Securities and Exchange Board of India (SEBI), as amended	Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the scheme of SEBI.	Borrower i.e. a person who borrows the securities under the scheme through an approved intermediary of SEBI.	Recipient
17.	Supply of services by the members	Members of Overseeing	Reserve Bank of India	Recipient

	of Overseeing Committee to Reserve Bank of India	Committee constituted by the Reserve Bank of India		
18.	Services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm to bank or nonbanking financial company (NBFCs).	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm.	A banking Company or a non-banking financial company, located in the taxable territory	Recipient
19.	services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle	Driver	Any person. However, the tax on intraState or interState supplies shall be paid by the Electronic Commerce Operator (ECO)	ECO
20.	services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under clause (v) of section 20 of the Integrated Goods and Services Tax Act, 2017 read with sub-section (1) of section 22 of the said Central Goods and Services Tax Act.	Unregistered person Supplying services through Electronic Commerce Operator (ECO).	Any person. However, the tax on intraState or interState supplies shall be paid by the Electronic Commerce Operator (ECO).	ECO

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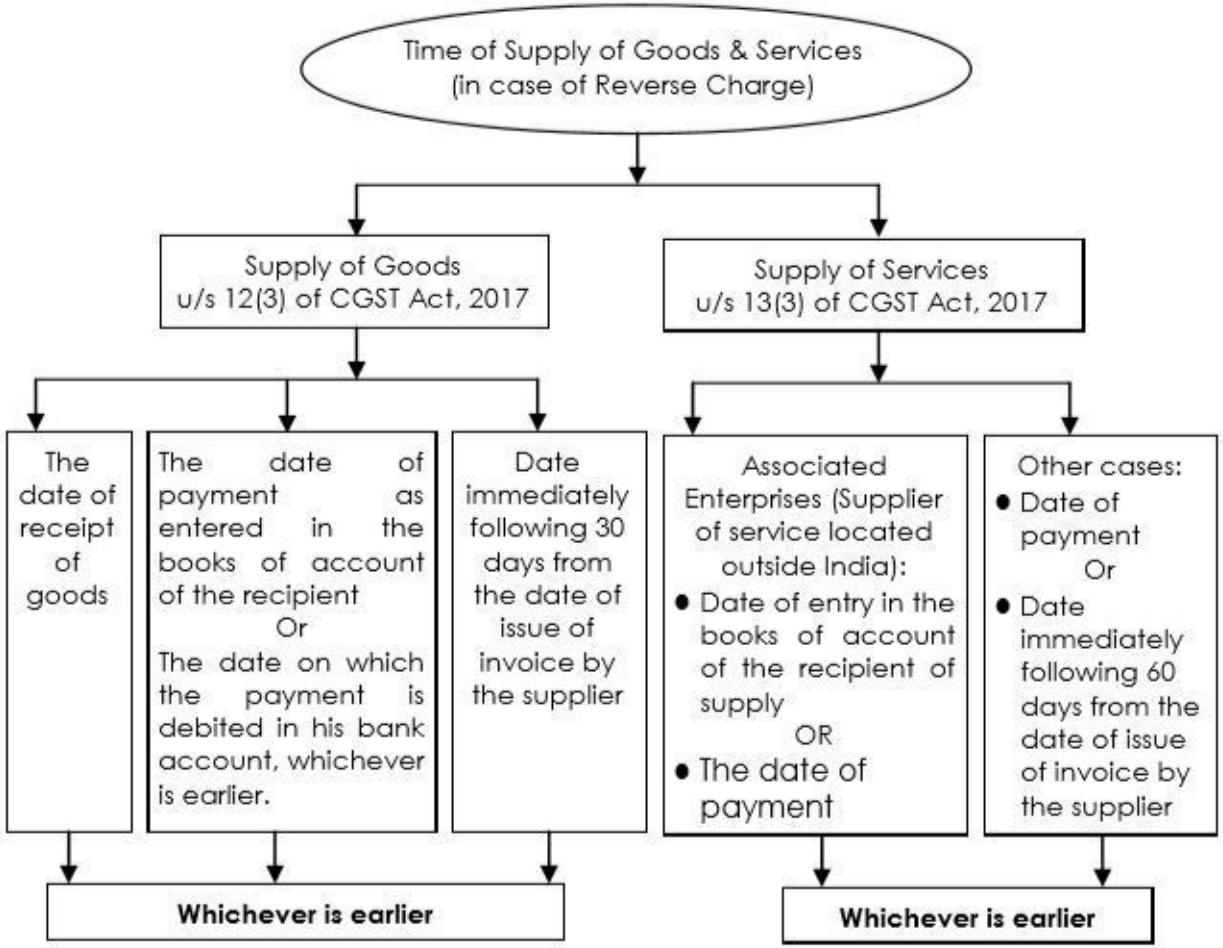
Notified services taken from unregistered	1. Supply of such goods and services or both other than services by way of grant of development rights, long term lease of land or FSI which constitute the shortfall from the minimum value of goods or services or both required to be purchased by a promoter for construction of project, in a financial year.

person liable to tax on reverse charge basis w.e.f 1st April, 2019 (i.e. section 9(4) of the CGST Act, 2017 or section 5(4) of IGST Act, 2017)	2. Cement falling in chapter heading 2523 in the first schedule to the Customs Tariff Act, 1975 (51 of 1975) which constitute the shortfall from the minimum value of goods or services or both required to be purchased by a promoter for construction of project, in a financial year (or part of the financial year till the date of issuance of completion certificate or first occupation, whichever is earlier) 3. Capital goods falling under any chapter in the first schedule to the Customs Tariff Act, 1975 (51 of 1975) supplied to a promoter for construction of a project In all 3 cases, Receiver is Promoter.
Compliances in respect of supplies under reverse charge mechanism:	1. As per section 31 of the CGST Act, 2017 read with Rule 46 of the CGST Rules, 2017, every tax invoice has to mention whether the tax in respect of supply in the invoice is payable on reverse charge. Similarly, this also needs to be mentioned in receipt voucher as well as refund voucher, if tax is payable on reverse charge. 2. Maintenance of accounts by registered persons: Every registered person is required to keep and maintain records of all supplies attracting payment of tax on reverse charge. 3. Any amount payable under reverse charge shall be paid by debiting the electronic cash ledger. In other words, reverse charge liability cannot be discharged by using input tax credit. However, after discharging reverse charge liability, credit of the same can be taken by the recipient, if he is otherwise eligible. 4. Invoice level information in respect of all supplies attracting reverse charge, rate wise, are to be furnished separately in the table 4B of GSTR-1. 5. Advance paid for reverse charge supplies is also leviable to GST. The person making advance payment has to pay tax on reverse charge basis.

Time of supply in case of reverse charge	 If time of supply cannot be determined with the help of above provisions then the time of supply shall be the date on which entry in the books of the recipient of goods & services is made.

QUESTION 1. 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 while paying GST under RCM.
Less: Input Tax Credit (ITC)	NA	NA	
CGST			
SGST			
Net tax liability of M/s Raj Industries	6,250	6,250	

QUESTION 2. 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	

QUESTION 3. 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 (Rs.)	Remarks
Output tax	10,625	ITC is not allowed to utilize by recipient while paying	
Less: Input Tax Credit (ITC)	NA	GST under RCM.	
Net tax liability of M/s Sri Vijaya Industries	10,625		

QUESTION 4. 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 RR Industries 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	

QUESTION 5. 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.)	Bhaghya 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 each
Guaranteed prize payout	@ 60%	@ 90%
No. of tickets sold	2,00,000	2,35,000

Answer:
(a) M/s Martin Pvt. Ltd. is liable to pay GST.
(b) GST liability of M/s Martin Pvt. Ltd. is as follows:

Particulars	Maha Lakshmi (Printed) (Lottery run by State Govt.)	Bhaghya Lakshmi (Online) (Lottery authorized by State Govt.)
Aggregate face value of lottery ticket sold	25,00,000	11,75,00,000

(2,50,000 x Rs. 10);				
(2,35,000 x Rs. 500)				
	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: In case of Maha Lakshmi (printed) State Govt. sold to agent 2,50,000 tickets.

QUESTION 6. 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 (Rs.)	2.5% SGST (Rs.)
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

QUESTION 7. 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/-.
Sec. 9(3) of CGST/Sec. 5(3) of IGST:Govt. will decide who is liable to pay GST under Reverse Charge.
w.e.f. 1st July 2017: As per Notification No. 13/2017 Central Tax (Rate) Dt. 28th June 2017 and Notification No. 10/2017-Integrated Tax (Rate) Dt. 28th June 2017 the following 9 services (are identical under CGST & IGST) on which GST shall be levied under Reverse Charge have been notified.

S. No	Description of supply of service	Supplier of service	Recipient of service	Person liable to pay GST
1	GTA Services	Goods Transport Agency (GTA)	Any factory, society, co-operative society, registered person, body corporate, partnership firm, casual taxable person; located in the taxable territory.	Recipient
Already covered under exemption				
2	Legal Services by advocate	An individual advocate, including a senior advocate or a firm of advocates	Any business entity located in the taxable territory	Recipient

QUESTION 8.
Senior Advocate supplied services of Rs.1,50,000/- to business entity for Legal services. Business entity has ITC of Rs. 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 2017.
(ii) Turnover of business entity in the previous year Rs. 43 lakhs.
(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.

QUESTION 9. 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 Rs. 20 Lakhs in P.Y.)	Representation services	Taxable supply of service	Recipient of service, which is the business entity, who is 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 Rs. 20 lakhs (in case of special category States is Rs. 10 lakhs).

QUESTION 10. Mr. X and Mr. Y paid fee to an arbitrator to appoint a panel of three arbitrators for settlement of their personal dispute as per the Arbitration and Conciliation Act, 1996.
Fee received by the arbitrator on appointment of Arbitral Tribunal is exempt from GST and fee received by the three arbitrators for the services provided to the tribunal shall also be exempt.
However, Arbitral Tribunal services to a business entity are taxable supply of service is liable to tax in the hands of recipient (namely business entity), provided previous year turnover of the entity is more than f 20 lakhs (in case of special category states more than Rs. 10 lakhs).

QUESTION 11. 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.

QUESTION 12. 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 2017 are as follows:
(1) Fee of Rs. 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 liabiliity = Rs. 50,580 [i.e Rs. 2,25,825 + 55,175) x 18%]

QUESTION 13. Mr. TYN has written a book on Indirect Taxes which is published by M/s Virat Law Publications of New Delhi. You are required to find the following:
(a) Who is liable to pay GST?
(b) Rework, if publisher is located in New York, then who is liable to pay GST?

Answer:
(a) M/s Virat Law Publications of New Delhi being recipient of service is liable to pay GST under RCM.

(b) If M/s Virat 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.

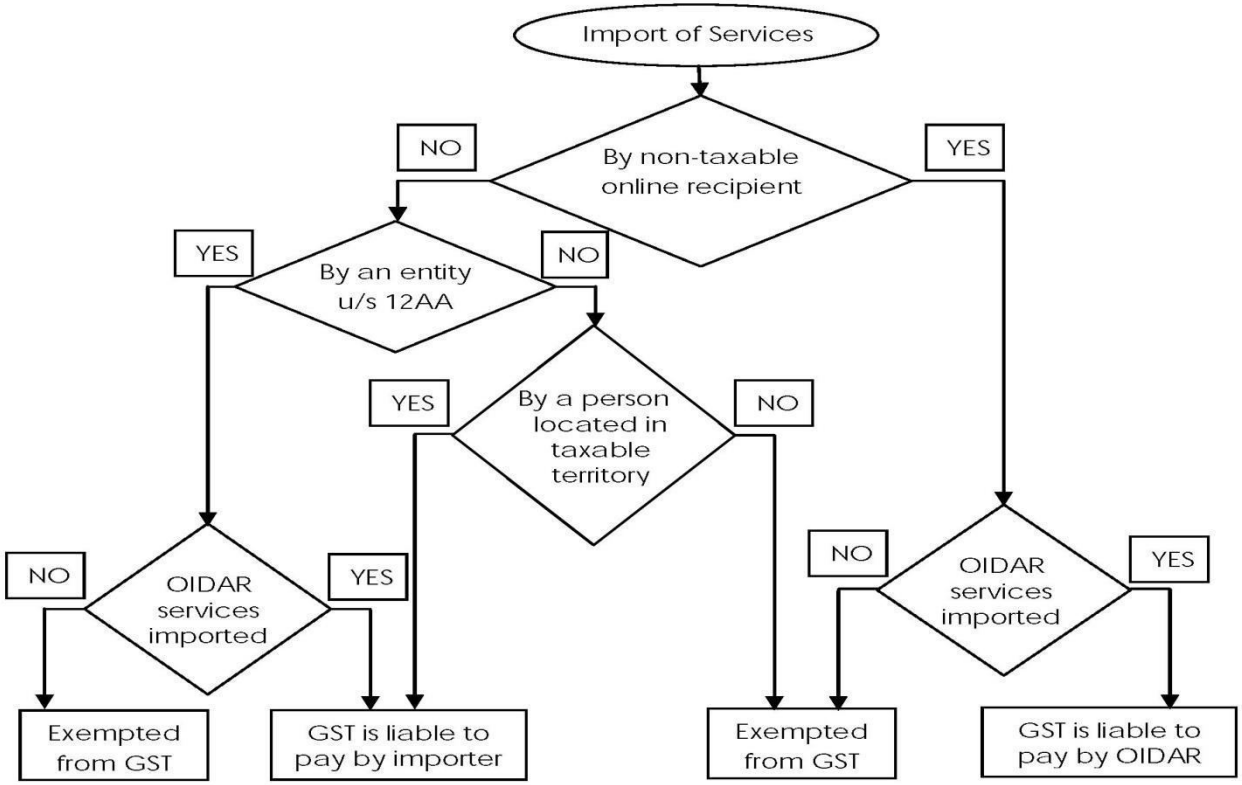
QUESTION 14. Mr. A.R. Rehaman being a music director (registered person under GST). He made following supplies:
(a) Indigenous handmade musical instruments for Rs. 2,00,000.
(b) Composted hello tune and transferred permanently for Rs. 30,00,000.
(c) Pianos for Rs. 1,50,000
(d) Percussion musical instruments (like drums, xylophones) for Rs. 5,00,000.
Find the GST liability. Applicable rate GST 28%. All transactions took place within the state of Tamil Nadu.

Answer:

Particulars	Value in Rs.	Remarks
Indigenous handmade musical instruments	Nil	Exempted supply of goods.
Composted hello tune and transferred permanently	Nil	Exempted supply of service
(As per Schedule II it is supply of service)		
Sale of Pianos	1,50,000	Taxable supply of goods
Sale of Drums, xylophones	5,00,000	-do-
Total taxable supply of goods	6,50,000	
CGST 14%	91,000	(6,50,000 x 14%)
SGST 14%	91,000	

Notification No. 10/2017- Integrated Tax (Rate) Dt. 28th June 2017, the following 2 services under IGST on which GST shall be levied under Reverse Charge have been notified:

QUESTION 15.



QUESTION 16. CMA Ram received f 2,05,200 (after TDS @10%) from client on 1st Nov 2017 for taxable services rendered in the month of July 2017. Find the GST liability. Applicable rate of CGST 9% and SGST 9%.

Answer:

Payment received net of TDS u/s 194J	= 2,05,200
Add: TDS u/s 194J	= 19,000
Gross value of Bill (i.e. inclusive of GST)	= 2,24,200
CGST (2,24,200 x 9/118)	= 17,100
SGST (2,24,200 x 9/109)	= 17,100

Assume taxable value of supply	Rs.
Add: CGST & SGST	0.18x
Value of Bill	1.18x
Less: TDS @10% on X (u/s Sec 194J of the Income Tax Act, 1961)	-0.1X
Net Paid	1.08X
X (i.e. 2,05,200/1.08) [i.e. taxable value of supply)	1,90,000
TDS u/s 194J 10% on 1,90,000	19,000

QUESTION 17. Uber 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. Uber appointed X Pvt. Ltd., as their representative in India.

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)

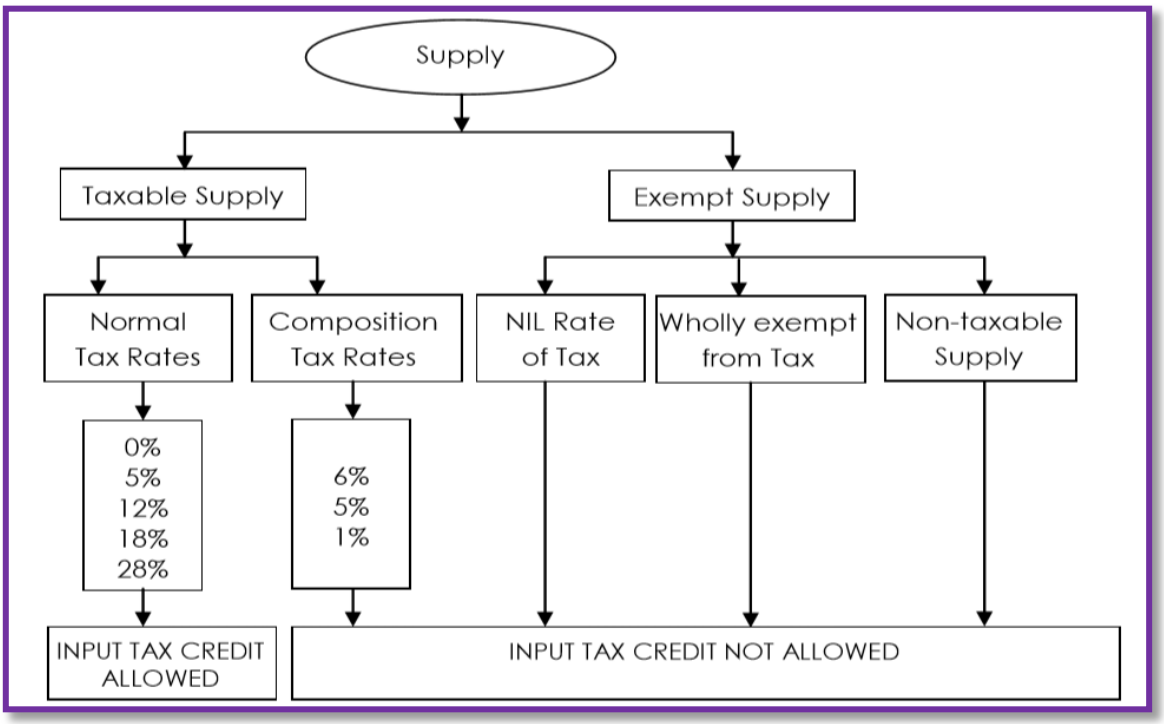
SGST 2.5%	52,988	(22,25,500 x 2.5/105)
Taxable value of supply	21,19,524	

QUESTION 18. Whether a person supplying goods or services through e-commerce operator would be entitled to threshold exemption?

Answer:
No. Section 24(ix) of the CGST Act, 2017 lays down that the threshold exemption is not available to such persons and they would be liable to be registered irrespective of the value of supply made by them. This requirement is, however, applicable only if the supply is made through such electronic commerce operator who is required to collect tax at source under section 52 of the CGST Act, 2017.
However, where the e-commerce operators are liable to pay tax on behalf of the suppliers under a notification issued under section 9 (5) of the CGST Act, 2017, the suppliers of such services are entitled for threshold exemption.

EXEMPTIONS UNDER GST

TAXABLE AND EXEMPT SUPPLY



MEANING OF EXEMPT SUPPLY

EXEMPT SUPPLY **INCLUDES** THE SUPPLY OF **FOLLOWING TYPE** OF GOODS AND SERVICES		
SUPPLY ATTRACTING **NIL RATE** OF TAX;	SUPPLIES **WHOLLY EXEMPT** FROM TAX;	**NON-TAXABLE** SUPPLY;

POWER TO GRANT EXEMPTION

POWER AVAILABLE WITH	**CENTRAL GOVERNMENT**	ON RECOMMENDATION OF **GST COUNCIL**	EITHER ABSOLUTELY OR CONDITIONALLY

ABSOLUTE EXEMPTION VS CONDITIONAL EXEMPTION

ABSOLUTE EXEMPTION	CONDITIONAL EXEMPTION
THIS EXEMPTION IS **COMPULSORY.** IT IS ALWAYS AVAILABLE **UNCONDITIONALLY**	THIS EXEMPTION IS **AS PER CHOICE** OF THE REGISTERED PERSON WHETHER **TO AVAIL OR NOT**

EXEMPTION BY SPECIAL ORDER

TO BE ISSUED BY **CENTRAL GOVERNMENT**	TO BE RECOMMENDED BY **GST COUNCIL**	**SPECIAL** ORDER	ONLY IN **EXCEPTIONAL** CIRCUMSTANCES

EXPLANATION TO BE INSERTED IN THE EXEMPTION ORDER

MEANING	TIME LIMIT
Central Government is empowered to **clarify the scope** of applicability of any notification or special order **by inserting an explanation** in such notification or order.	Such clarification shall only be issued by notification **within ONE year** of issuing of notification or special order.

EXEMPTED SUPPLY AND ZERO RATED SUPPLY

Exempted supply	Zero rated supply
Nil Rate	0% Rate
Applicable by Notification to Domestic Tariff Area supplies	Applicable by section to export of goods or services or both
Not eligible for Input Tax Credit	Eligible for Input Tax Credit
Not eligible for refund	Eligible for refund
Not under Value Added Chain	Under Value Added Chain

EXEMPTED GOODS

1) Live animals other than live horses

2) Meat and edible meat offal

3) Fish, crustaceans, molluscs & other aquatic invertebrates

4) Dairy produce; bird's eggs; natural honey; edible products of animal origin, not elsewhere specified

5) 1. Human hair, unworked, whether or not washed or scoured; waste of human hair
2. Semen including frozen semen

6) Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage

7) Edible vegetables, roots and tubers
- Potatoes, fresh or chilled.
- Tomatoes, fresh or chilled.
- Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.
- Cabbages,cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled etc.,

8) Edible fruit and nuts; peel of citrus fruit or melons, Coconuts, fresh or dried, whether or not shelled or peeled Bananas, including plantains, fresh or dried, Dates, figs, pineapples, avocados, guavas, mangoes and mangos teens, fresh etc.,

9) Coffee, beans, not roasted. Unprocessed green leaves of tea

10) Cereals All goods [other than those put up in unit container and bearing a registered brand name. Fresh ginger, other than in processed form etc.,

11) Products of milling industry; malt; starches; insulin; wheat gluten

12) Oil seeds and oleaginous fruits, miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder

13) Lac; gums, resins and other vegetable saps and extracts Lac and Shellac,

14) Vegetable plaiting materials; vegetable products, not elsewhere specified or included Betel leaves

15) Sugar and sugar confectionery Cane jaggery

16) Preparations of cereals, flour, starch or milk; pastrycooks' products
1. Puffed rice, commonly known as Muri, flattened or beaten rice, commonly known as Chira, parched rice, commonly known as khoi, parched paddy or rice coated with sugar or gur, commonly known as Murki
2. Pappad, by whatever name it is known, except when served for consumption
3. Bread (branded or otherwise), except when served for consumption and pizza bread.

17) Miscellaneous edible preparations which include Prasadam supplied by religious places like temples, mosques, churches, gurudwaras, dargahs, etc.

18) Beverages, spirit and vinegar. Water other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container

19) Residues and waste from the food industries; prepared animal fodder

20) Salt; sulphur; earths and stone; plastering materials, lime and cement

21) Pharmaceutical products Human Blood and its components

22) Organic manure, other than put up in unit containers and bearing a brand name.

23) Essential oils and resinoids perfumery, cosmetic or toilet preparations. Kumkum, Bindi, Sindur, Alta

24) Miscellaneous chemical products, Municipal waste, sewage sludge, clinical waste

25) Plastics and articles thereof Plastic bangles

26) Rubber and articles thereof Condoms and contraceptives

27) Wood and articles of wood, wood charcoal Firewood or fuel wood

28) Paper and paperboard; articles of paper pulp, of paper or of paperboard

29) Printed books, newspapers, pictures and other products of the printing industry, manuscripts, typescripts and plans

30) Raw Silk

31) Wool, fine or coarse animal hair; horse hair yarn and woven fabric

32) Cotton
1. Gandhi Topi,
2. Khadi yarn

33) Other vegetable textile fibres; paper yarn, woven fabrics of paper yarns
1. Coconut, coir fibre
2. Jute fibres, raw or processed but not spun

34) Other made up textile articles, sets, worn clothing and worn textile articles; rags Indian National Flag

35) Ceramic products

36) Glass and glassware. Bangles (except those made from precious metals)

37) Tools, implements, cutlery, spoons and forks of base metal; parts thereof of base metal. Agricultural implements manually operated or animal driven

38) Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof. Handloom [weaving machinery]

39) Aircraft; spacecraft and parts thereof.

40) Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof

41) Musical instruments; parts and accessories of such articles. Indigenous handmade musical instruments

42) Miscellaneous manufactured articles
1. Slate pencils and chalk sticks.
2. Slates

43) Project imports, laboratory chemicals, passengers' baggage, personal importation, ship stores Passenger baggage

EXEMPTED SERVICES (UNDER CGST & SGST)

1. SERVICES RELATED TO CHARITABLE AND RELIGIOUS ACTIVITIES

ENTRY 1
SERVICES BY AN ENTITY REGISTERED UNDER SECTION 12AA OF THE INCOME-TAX ACT, 1961 BY WAY OF CHARITABLE ACTIVITIES.

1. **"Charitable activities" means activities relating to**

(i) public health by way of
 (A) care or counselling of
  (I) terminally ill persons or persons with severe physical or mental disability,
  (II) persons afflicted with HIV or AIDS, or
  (III) persons addicted to a dependenceforming substance such as narcotics drugs or alcohol; or
 (B) public awareness of preventive health, family planning or prevention of HIV infection;
(ii) advancement of religion or spirituality or Yoga (w.e.f. 21-10-2015);
(iii) advancement of educational programmes or skill development relating to,
 (A) abandoned, orphaned or homeless children;
 (B) physically or mentally abused and traumatized persons;
 (C) prisoners; or
 (D) persons over the age of 65 years residing in a rural area;
(iv) preservation of environment including watershed, forests and wildlife;

2. Services received from a provider of service located in a non taxable territory by – an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; ALSO exempted from GST.

3. "The services provided by entity registered under Section 12AA of the Income Tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt.

4. Fee or consideration charged in any other form from the participants for participating in a religious, Yoga or meditation programme or camp meant for advancement of religion, spirituality or yoga shall be exempt.

5. Residential programmes or camps where the fee charged includes cost of lodging and boarding shall also be exempt as long as the primary and predominant activity, objective and purpose of such residential programmes or camps is advancement of religion, spirituality or yoga.

6. However, if charitable or religious trusts merely or primarily provide accommodation or serve food and drinks against consideration in any form including donation, such activities will be taxable. Similarly, activities such as holding of fitness camps or classes such as those in aerobics, dance, music etc. will be taxable"

ENTRY 13
SERVICES BY A PERSON BY WAY OF—

(A) CONDUCT OF ANY RELIGIOUS CEREMONY;
(B) RENTING OF PRECINCTS OF A RELIGIOUS PLACE MEANT FOR GENERAL PUBLIC, OWNED OR MANAGED BY AN ENTITY REGISTERED AS A CHARITABLE OR RELIGIOUS TRUST UNDER SECTION 12AA OF THE INCOME-TAX ACT, 1961
OR A TRUST OR AN INSTITUTION REGISTERED UNDER SUB CLAUSE (V) OF CLAUSE (23C) OF SECTION 10 OF THE INCOME-TAX ACT
OR A BODY OR AN AUTHORITY COVERED UNDER CLAUSE (23BBA) OF SECTION 10 OF THE SAID INCOME-TAX ACT:

PROVIDED THAT NOTHING CONTAINED IN ENTRY (B) OF THIS EXEMPTION SHALL APPLY TO,—

(I) RENTING OF ROOMS WHERE CHARGES ARE `1,000 OR MORE PER DAY;
(II) RENTING OF PREMISES, COMMUNITY HALLS, KALYANMANDAPAM OR OPEN AREA, AND THE LIKE WHERE CHARGES ARE `10,000 OR MORE PER DAY;
(III) RENTING OF SHOPS OR OTHER SPACES FOR BUSINESS OR COMMERCE WHERE CHARGES ARE `10,000 OR MORE PER MONTH.

Important Note:

No GST on the supply of services by way of renting of precincts of a religious place meant for the general public by a person. So the GST rate on Services way of renting of precincts of a religious place meant for the general public is to be taken as nil. This implies that if immovable properties owned by charitable trusts like marriage hall, convention hall, rest house for pilgrims, shops situated within the premises of a religious place are rented out, income from letting out of such property is wholly exempt from GST. But if such properties are not situated in the precincts of a religious place meaning thereby not within walls or boundary walls of the religious place, income from such letting out will lose this exemption and income from it will be liable to GST.

ENTRY 60
SERVICES BY A SPECIFIED ORGANISATION IN RESPECT OF A RELIGIOUS PILGRIMAGE FACILITATED BY ~~THE MINISTRY OF EXTERNAL AFFAIRS~~, THE GOVERNMENT OF INDIA, UNDER BILATERAL ARRANGEMENT.

W.E.F. 25.1.2018, THE WORDS "THE MINISTRY OF EXTERNAL AFFAIRS," SHALL BE OMITTED;

ENTRY 80
SERVICES BY WAY OF TRAINING OR COACHING IN RECREATIONAL ACTIVITIES RELATING TO—
(A) ARTS OR CULTURE, OR

(B) SPORTS BY CHARITABLE ENTITIES REGISTERED UNDER SECTION 12AA OF THE INCOME-TAX ACT

2. Agriculture related services

ENTRY 24
SERVICES BY WAY OF LOADING, UNLOADING, PACKING, STORAGE OR WAREHOUSING OF RICE.

ENTRY 24A
SERVICE BY WAY OF SERVICES BY WAY OF WAREHOUSING OF MINOR FOREST PRODUCE EXEMPT FROM GST [NOTIFICATION NO. 14/2018-CENTRAL TAX (RATE)].

ENTRY 53A
SERVICES BY WAY OF FUMIGATION IN A WAREHOUSE OF AGRICULTURAL PRODUCE.

ENTRY 54
SERVICES RELATING TO CULTIVATION OF PLANTS AND REARING OF ALL LIFE FORMS OF ANIMALS, EXCEPT THE REARING OF HORSES, FOR FOOD, FIBRE, FUEL, RAW MATERIAL OR OTHER SIMILAR PRODUCTS OR AGRICULTURAL PRODUCE BY WAY OF—

(A) AGRICULTURAL OPERATIONS DIRECTLY RELATED TO PRODUCTION OF ANY AGRICULTURAL PRODUCE INCLUDING CULTIVATION, HARVESTING, THRESHING, PLANT PROTECTION OR TESTING;

(B) SUPPLY OF FARM LABOUR;

(C) PROCESSES CARRIED OUT AT AN AGRICULTURAL FARM INCLUDING TENDING, PRUNING, CUTTING, HARVESTING, DRYING, CLEANING, TRIMMING, SUN DRYING, FUMIGATING, CURING, SORTING, GRADING, COOLING OR BULK PACKAGING AND SUCH LIKE OPERATIONS WHICH DO NOT ALTER THE ESSENTIAL CHARACTERISTICS OF AGRICULTURAL PRODUCE BUT MAKE IT ONLY MARKETABLE FOR THE PRIMARY MARKET;

(D) RENTING OR LEASING OF AGRO MACHINERY OR VACANT LAND WITH OR WITHOUT A STRUCTURE INCIDENTAL TO ITS USE;

(E) LOADING, UNLOADING, PACKING, STORAGE OR WAREHOUSING OF AGRICULTURAL PRODUCE;

(F) AGRICULTURAL EXTENSION SERVICES;

(G) SERVICES BY ANY AGRICULTURAL PRODUCE MARKETING COMMITTEE OR BOARD OR SERVICES PROVIDED BY A COMMISSION AGENT FOR SALE OR PURCHASE OF AGRICULTURAL PRODUCE.

(H) W.E.F. 25.1.2018, SERVICES BY WAY OF FUMIGATION IN A WAREHOUSE OF AGRICULTURAL PRODUCE.

ENTRY 55

CARRYING OUT AN INTERMEDIATE PRODUCTION PROCESS AS JOB WORK IN RELATION TO CULTIVATION OF PLANTS AND REARING OF ALL LIFE FORMS OF ANIMALS, EXCEPT THE REARING OF HORSES, FOR FOOD, FIBRE, FUEL, RAW MATERIAL OR OTHER SIMILAR PRODUCTS OR AGRICULTURAL PRODUCE

Agriculture or Agricultural Produce includes the following exempt from GST:
Breeding of Fish
Rearing of Silk Worms
Cultivation of Ornamental Flowers
Horticulture
Forestory
Poultry Farm

Important Note:

Exemption not available on Loading, Packing, Warehousing of Processed Agricultural Products like Tea, Coffee Beans, Pulses etc.

As per CBIC Circular, processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (de-husked or split), jaggery, processed spices, processed dry fruits & cashew nuts etc. fall outside the definition of agricultural produce given in Notification No. 11/2017-CT(R) and 12/2017-CT(R) and therefore the exemption from GST is not available to their loading, packing, warehousing etc.

Plantation Crops like rubber, tea or coffee also covered under agricultural produce exempt from GST:

Plantation of Rubber
Tea Plantation
Plantation of Coffee

ENTRY 55A

SERVICES BY WAY OF ARTIFICIAL INSEMINATION OF LIVESTOCK (OTHER THAN HORSES) [NOTIFICATION NO. 14/2018- CENTRAL TAX (RATE)]

3.EDUCATIONAL SERVICES

ENTRY 66

SERVICES PROVIDED—

(A) BY AN EDUCATIONAL INSTITUTION TO ITS STUDENTS, FACULTY AND STAFF;

"(AA) W.E.F. 25.1.2018, BY AN EDUCATIONAL INSTITUTION BY WAY OF CONDUCT OF ENTRANCE EXAMINATION AGAINST CONSIDERATION IN THE FORM OF ENTRANCE FEE;"

(B) TO AN EDUCATIONAL INSTITUTION, BY WAY OF,—

(I) TRANSPORTATION OF STUDENTS, FACULTY AND STAFF;

(II) CATERING, INCLUDING ANY MID-DAY MEALS SCHEME SPONSORED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT OR UNION TERRITORY;

(III) SECURITY OR CLEANING OR HOUSEKEEPING SERVICES PERFORMED IN SUCH EDUCATIONAL INSTITUTION;

(IV) SERVICES RELATING TO ADMISSION TO, OR CONDUCT OF EXAMINATION BY, SUCH INSTITUTION; UPTO HIGHER SECONDARY:

W.E.F. 25.1.2018, THE WORDS "UPTO HIGHER SECONDARY" SHALL BE OMITTED; AS A RESULT, SERVICES RELATING TO ADMISSION TO, OR CONDUCT OF EXAMINATION PROVIDED TO ALL EDUCATIONAL INSTITUTIONS, AS DEFINED IN THE NOTIFICATION IS EXEMPT FROM GST.

(V) "W.E.F. 25.1.2018, SUPPLY OF ONLINE EDUCATIONAL JOURNALS OR PERIODICALS:";

W.E.F. 25.1.2018, PROVIDED THAT NOTHING CONTAINED IN SUB-ITEMS (I), (II) AND (III) OF ITEM (B) SHALL APPLY TO AN EDUCATIONAL INSTITUTION OTHER THAN AN INSTITUTION PROVIDING SERVICES BY WAY OF PRE-SCHOOL EDUCATION AND EDUCATION UPTO HIGHER SECONDARY SCHOOL OR EQUIVALENT.

W.E.F. 25.1.2018, "PROVIDED FURTHER THAT NOTHING CONTAINED IN SUB-ITEM (V) OF ITEM (B) SHALL APPLY TO AN INSTITUTION PROVIDING SERVICES BY WAY OF,—

(I) PRE-SCHOOL EDUCATION AND EDUCATION UPTO HIGHER SECONDARY SCHOOL OR EQUIVALENT; OR

(II) EDUCATION AS A PART OF AN APPROVED VOCATIONAL EDUCATION COURSE."; IT MEANS, TO EXEMPT SUBSCRIPTION OF ONLINE EDUCATIONAL JOURNALS/PERIODICALS BY EDUCATIONAL INSTITUTIONS WHO PROVIDE DEGREE RECOGNIZED BY ANY LAW FROM GST. "EDUCATIONAL INSTITUTION" MEANS AN INSTITUTION PROVIDING SERVICES BY WAY OF,—

(A) PRE-SCHOOL EDUCATION AND EDUCATION UPTO HIGHER SECONDARY SCHOOL OR EQUIVALENT;

(B) EDUCATION AS A PART OF A CURRICULUM FOR OBTAINING A QUALIFICATION RECOGNISED BY ANY LAW FOR THE TIME BEING IN FORCE;

(C) EDUCATION AS A PART OF AN APPROVED VOCATIONAL EDUCATION COURSE;

Mess or canteen services:

CBIC Circular No. 28/2/2018-GST, dated 8-1-2018 read with File No. 354/03/2018, dated 18-1-2018:

If the catering services, i.e. supply of food or drink in a mess or canteen, is provided by anyone other than the educational institution, then it is a supply of service to the concerned educational institution and attracts GST of 5% provided that credit of input tax charged on goods and services used in supplying the service has not been taken, w.e.f. 15-11-2017. If the catering services is one of the services provided by an educational institution to its students, faculty and staff and the said educational institution is covered under entry no. 66(a) of notification No. 12/2017-Central Tax (Rate). The Ministry also noted that if schools upto higher secondary level supply food directly to students, the same would be exempt from the GST.

4.Health care services

ENTRY 46
SERVICES BY A VETERINARY CLINIC IN RELATION TO HEALTH CARE OF ANIMALS OR BIRDS.

ENTRY 73
SERVICES PROVIDED BY THE CORD BLOOD BANKS BY WAY OF PRESERVATION OF STEM CELLS OR ANY OTHER SERVICE IN RELATION TO SUCH PRESERVATION.

ENTRY 74
SERVICES BY WAY OF—

(A) HEALTH CARE SERVICES BY A CLINICAL ESTABLISHMENT, AN AUTHORISED MEDICAL PRACTITIONER OR PARA-MEDICS;

(B) SERVICES PROVIDED BY WAY OF TRANSPORTATION OF A PATIENT IN AN AMBULANCE, OTHER THAN THOSE SPECIFIED IN (A) ABOVE.

Exempted Services	Taxable Services
Services in recognized systems of medicines in India are exempt. Nursing staff, physiotherapists, technicians, lab assistants, 108 services etc. w.e.f. 1-4-2015 Ambulance services provided by an entity which is not a clinical establishment or an authorised medical practitioner or paramedics would also be exempt from GST.	Hair transplant or cosmetic or plastic surgery, except when undertaken due to congenital defects, developmental abnormalities, injury.

As per Section 2(h) of the Clinical Establishments Act, 2010 the following systems of medicine are recognized systems of medicines:
1. Allopathy
2. Yoga
3. Naturopathy
4. Ayurveda
5. Homoeopathy
6. Siddha
7. Unani
8. Any other system of medicine that may be recognized by the Central Government.

Pranic healing treatment: taxable supply of services

Acupressure treatment: taxable supply of services

Acupuncture treatment: taxable supply of services

Reiki treatment: taxable supply of services Reiki is an ancient Eastern healing method that uses energy to balance the mind, body and spirit. Reiki is one of the oldest healing systems in use today.

Colour therapy: taxable supply of services

Ambulance services provided by Private Service provider to the Government exempted from GST:

Vide Circular No. 51/25/2018-GST, dated 31st July, 2018, the CBIC has clarified that the services provided by the Private Service Providers (PSPs) to the State Governments by way of transportation of patients in an ambulance on behalf of the State Governments against consideration, would be exempt from payment of GST (covering by Serial No. 3 and 3A of Notification No. 12/2017- Central Tax (Rate), date 28.06.2017).

Under GST, the functions of 'Health and sanitation' is entrusted to Panchayats under Article 243 G of Constitution and functions of 'Public health' is entrusted to Municipalities under Article 243W of the Constitution, thus, the ambulance services are an activity in relation to the functions entrusted to Panchayats and Municipalities under Article 243G and 243W of the Constitution. Therefore, the same would be covered by Serial No. 3 and 3A of Notification No. 12/2017-Central Tax (Rate), date 28.06.2017, i.e. GST would be exempted where pure services has been provided to Central Government, State Government, Union Territory Government, local authority and governmental authority by way of an activity in relation to the function entrusted to Panchayats under Article 243G or Municipalities under Article 243W of the Constitution.

5. Services provided by Government

ENTRY 4

SERVICES BY CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY, LOCAL AUTHORITY OR GOVERNMENTAL AUTHORITY BY WAY OF ANY ACTIVITY IN RELATION TO ANY FUNCTION ENTRUSTED TO A MUNICIPALITY UNDER ARTICLE 243W OF THE CONSTITUTION.

ENTRY 5

SERVICES BY A GOVERNMENTAL AUTHORITY BY WAY OF ANY ACTIVITY IN RELATION TO ANY FUNCTION ENTRUSTED TO A PANCHAYAT UNDER ARTICLE 243G OF THE CONSTITUTION. NOTIFICATION NO. 32/2017-CENTRAL TAX (RATE), DATED 13.10.2017, THIS NOTIFICATION EXTENDS THE EXEMPTION FROM GST TO CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY, LOCAL AUTHORITY ALONG WITH GOVERNMENTAL AUTHORITY.

ENTRY 6

SERVICES BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY EXCLUDING THE FOLLOWING SERVICES—

(A) SERVICES BY THE DEPARTMENT OF POSTS BY WAY OF SPEED POST, EXPRESS PARCEL POST, LIFE INSURANCE, AND AGENCY SERVICES PROVIDED TO A PERSON OTHER THAN THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY;

(B) SERVICES IN RELATION TO AN AIRCRAFT OR A VESSEL, INSIDE OR OUTSIDE THE PRECINCTS OF A PORT OR AN AIRPORT;

(C) TRANSPORT OF GOODS OR PASSENGERS;
OR

(D) ANY SERVICE, OTHER THAN SERVICES COVERED UNDER ENTRIES (A) TO (C) ABOVE, PROVIDED TO BUSINESS ENTITIES.

ENTRY 7

SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY TO A BUSINESS ENTITY WITH AN AGGREGATE TURNOVER OF "SUCH AMOUNT IN THE PRECEDING FINANCIAL YEAR AS MAKES IT ELIGIBLE FOR EXEMPTION FROM REGISTRATION IN THE PRECEDING FINANCIAL YEAR.

EXPLANATION: FOR THE PURPOSES OF THIS ENTRY, IT IS HEREBY CLARIFIED THAT THE PROVISIONS OF THIS ENTRY SHALL NOT BE APPLICABLE TO—

(A) SERVICES,—

(I) BY THE DEPARTMENT OF POSTS BY WAY OF SPEED POST, EXPRESS PARCEL POST, LIFE INSURANCE, AND AGENCY SERVICES PROVIDED TO A PERSON OTHER THAN THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY;

(II) IN RELATION TO AN AIRCRAFT OR A VESSEL, INSIDE OR OUTSIDE THE PRECINCTS OF A PORT OR AN AIRPORT;

(III) OF TRANSPORT OF GOODS OR PASSENGERS; AND

(B) SERVICES BY WAY OF RENTING OF IMMOVABLE PROPERTY.

ENTRY 8
SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY TO ANOTHER CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY:

PROVIDED THAT NOTHING CONTAINED IN THIS ENTRY SHALL APPLY TO SERVICES—

(I) BY THE DEPARTMENT OF POSTS BY WAY OF SPEED POST, EXPRESS PARCEL POST, LIFE INSURANCE, AND AGENCY SERVICES PROVIDED TO A PERSON OTHER THAN THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY;

(II) IN RELATION TO AN AIRCRAFT OR A VESSEL, INSIDE OR OUTSIDE THE PRECINCTS OF A PORT OR AN AIRPORT;

(III) OF TRANSPORT OF GOODS OR PASSENGERS

ENTRY 9
SERVICES PROVIDED BY CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR A LOCAL AUTHORITY WHERE THE CONSIDERATION FOR SUCH SERVICES DOES NOT EXCEED `5,000:

PROVIDED THAT NOTHING CONTAINED IN THIS ENTRY SHALL APPLY TO—

(I) SERVICES BY THE DEPARTMENT OF POSTS BY WAY OF SPEED POST, EXPRESS PARCEL POST, LIFE INSURANCE, AND AGENCY SERVICES PROVIDED TO A PERSON OTHER THAN THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY;

(II) SERVICES IN RELATION TO AN AIRCRAFT OR A VESSEL, INSIDE OR OUTSIDE THE PRECINCTS OF A PORT OR AN AIRPORT;

(III) TRANSPORT OF GOODS OR PASSENGERS:

PROVIDED FURTHER THAT IN CASE WHERE CONTINUOUS SUPPLY OF SERVICE, AS DEFINED IN SUB-SECTION (33) OF SECTION 2 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017, IS PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR A LOCAL AUTHORITY, THE EXEMPTION SHALL APPLY ONLY WHERE THE CONSIDERATION CHARGED FOR SUCH SERVICE **DOES NOT EXCEED `5,000 IN A FINANCIAL YEAR.**

ENTRY 9C

SUPPLY OF SERVICE BY A GOVERNMENT ENTITY TO CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY, LOCAL AUTHORITY OR ANY PERSON SPECIFIED BY CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY AGAINST CONSIDERATION RECEIVED FROM CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY, IN THE FORM OF GRANTS [VIDE NOTIFICATION NO. 33/2017 CENTRAL TAX (RATE) DT 13.10.2017].

"Government Entity" means an authority or a board or any other body including a society, trust, corporation,— (i) set up by an Act of Parliament or State Legislature; or (ii) established by any Government, with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority".

ENTRY 9D

SERVICES BY AN OLD AGE HOMES RUN BY CENTRAL GOVERNMENT, STATE GOVERNMENT OR ENTITY UNDER SECTION 12AA OF THE INCOME TAX ACT, 1961, TO RESIDENTS FOR CONSIDERATION UPTO `25,000 PER MONTH PER MEMBER IS EXEMPTED FROM GST [VIDE NOTIFICATION NO. 14/2018 –CENTRAL TAX (RATE)]

ENTRY 34A

SERVICES SUPPLIED BY CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY TO THEIR UNDERTAKINGS OR PUBLIC SECTOR UNDERTAKINGS (PSUS) BY WAY OF GUARANTEEING THE LOANS TAKEN BY SUCH UNDERTAKINGS OR PSUS FROM THE FINANCIAL INSTITUTIONS. [NOTIFICATION NO. 14/2018-CENTRAL TAX (RATE)].

ENTRY 47

SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY BY WAY OF—

(A) REGISTRATION REQUIRED UNDER ANY LAW FOR THE TIME BEING IN FORCE;

(B) TESTING, CALIBRATION, SAFETY CHECK OR CERTIFICATION RELATING TO PROTECTION OR SAFETY OF WORKERS, CONSUMERS OR PUBLIC AT LARGE, INCLUDING FIRE LICENSE, REQUIRED UNDER ANY LAW FOR THE TIME BEING IN FORCE

ENTRY 61

SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY BY WAY OF ISSUANCE OF PASSPORT, VISA, DRIVING LICENCE, BIRTH CERTIFICATE OR DEATH CERTIFICATE.

ENTRY 62

SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR 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 CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY UNDER SUCH CONTRACT.

ENTRY 63

SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY BY WAY OF ASSIGNMENT OF RIGHT TO USE NATURAL RESOURCES TO AN INDIVIDUAL FARMER FOR CULTIVATION OF PLANTS AND REARING OF ALL LIFE FORMS OF ANIMALS, EXCEPT THE REARING OF HORSES, FOR FOOD, FIBRE, FUEL, RAW MATERIAL OR OTHER SIMILAR PRODUCTS

ENTRY 65

SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY BY WAY OF DEPUTING OFFICERS AFTER OFFICE HOURS OR ON HOLIDAYS FOR INSPECTION OR CONTAINER STUFFING OR SUCH OTHER DUTIES IN RELATION TO IMPORT EXPORT CARGO ON PAYMENT OF MERCHANT OVERTIME CHARGES.

ENTRY 65B

SERVICES SUPPLIED BY A STATE GOVERNMENT TO EXCESS ROYALTY COLLECTION CONTRACTOR (ERCC) BY WAY OF ASSIGNING THE RIGHT TO COLLECT ROYALTY ON BEHALF OF THE STATE GOVERNMENT ON THE MINERAL DISPATCHED BY THE MINING LEASE HOLDERS.

EXPLANATION.—"MINING LEASE HOLDER" MEANS A PERSON WHO HAS BEEN GRANTED MINING LEASE, QUARRY LEASE OR LICENSE OR OTHER MINERAL CONCESSION UNDER THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) ACT, 1957 (67 OF 1957), THE RULES MADE THEREUNDER OR THE RULES MADE BY A STATE GOVERNMENT UNDER SUB-SECTION (1) OF SECTION 15 OF THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) ACT, 1957. PROVIDED THAT AT THE END OF THE CONTRACT PERIOD, ERCC SHALL SUBMIT AN ACCOUNT TO THE STATE GOVERNMENT AND CERTIFY THAT THE AMOUNT OF GOODS AND SERVICES TAX DEPOSITED BY MINING LEASE HOLDERS ON ROYALTY IS MORE THAN THE GOODS AND SERVICES TAX EXEMPTED ON THE SERVICE PROVIDED BY STATE GOVERNMENT TO THE ERCC OF ASSIGNMENT OF RIGHT TO COLLECT ROYALTY AND WHERE SUCH AMOUNT OF GOODS AND SERVICES TAX PAID BY MINING LEASE HOLDERS IS LESS THAN THE AMOUNT OF GOODS AND SERVICES TAX EXEMPTED, THE EXEMPTION SHALL BE RESTRICTED TO SUCH AMOUNT AS IS EQUAL TO THE AMOUNT OF GOODS AND SERVICES TAX PAID BY THE MINING LEASE HOLDERS AND THE ERCC SHALL PAY THE DIFFERENCE BETWEEN GOODS AND SERVICES TAX EXEMPTED ON THE SERVICE PROVIDED BY STATE GOVERNMENT TO THE ERCC OF ASSIGNMENT OF RIGHT TO COLLECT ROYALTY AND GOODS AND SERVICES TAX PAID BY THE MINING LEASE HOLDERS ON ROYALTY."; [NOTIFICATION NO. 14/2018- CENTRAL TAX (RATE) DATED 26TH JULY 2018]

ENTRY 47A

SERVICES BY WAY OF LICENSING, REGISTRATION AND ANALYSIS OR TESTING OF FOOD SAMPLES SUPPLIED BY THE FOOD SAFETY AND STANDARDS AUTHORITY OF INDIA (FSSAI) TO FOOD BUSINESS OPERATORS. [NOTIFICATION NO. 14/2018-CENTRAL TAX (RATE)].

6. Construction services

ENTRY 10
SERVICES PROVIDED BY WAY OF PURE LABOUR CONTRACTS OF CONSTRUCTION, ERECTION, COMMISSIONING, INSTALLATION, COMPLETION, FITTING OUT, REPAIR, MAINTENANCE, RENOVATION, OR ALTERATION OF A CIVIL STRUCTURE OR ANY OTHER ORIGINAL WORKS PERTAINING TO THE BENEFICIARY-LED INDIVIDUAL HOUSE CONSTRUCTION OR ENHANCEMENT UNDER THE HOUSING FOR ALL (URBAN) MISSION OR PRADHAN MANTRI AWAS YOJANA.

"original works" means all new constructions;

(i) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;

(ii) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise; Pure labour contract means supplier of service should not utilize any material in supplying the service. It should be a labour contract only.

The Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana scheme where in Housing for All mission will be implemented through four verticals which are as follows:

1. 'In-situ' Slum Redevelopment
2. Affordable Housing through credit linked subsidy
3. Affordable Housing in Partnership
4. Subsidy for beneficiary-led individual house construction.

ENTRY 10A
SERVICES SUPPLIED BY ELECTRICITY DISTRIBUTION UTILITIES BY WAY OF CONSTRUCTION, ERECTION, COMMISSIONING, OR INSTALLATION OF INFRASTRUCTURE FOR EXTENDING ELECTRICITY DISTRIBUTION NETWORK UPTO THE TUBE WELL OF THE FARMER OR AGRICULTURALIST FOR AGRICULTURAL USE EXEMPT FROM GST [VIDE NOTIFICATION NO. 14/2018-CENTRAL TAX (RATE)].

ENTRY 11
SERVICES BY WAY OF PURE LABOUR CONTRACTS OF CONSTRUCTION, ERECTION, COMMISSIONING, OR INSTALLATION OF ORIGINAL WORKS PERTAINING TO A SINGLE RESIDENTIAL UNIT OTHERWISE THAN AS A PART OF A RESIDENTIAL COMPLEX.

ENTRY 41A

SERVICE BY WAY OF TRANSFER OF DEVELOPMENT RIGHTS OR FLOOR SPACE INDEX ON OR AFTER 1ST APRIL 2019 FOR CONSTRUCTION OF RESIDENTIAL APARTMENTS. EXEMPTION IS AVAILABLE ONLY WHEN PROMOTER OR BUILDER PAYING TAX UNDER CONSTRUCTION SUPPLY OF SERVICE.

ENTRY 41B

UPFRONT AMOUNT PAYABLE IN RESPECT OF SERVICE BY WAY OF GRANTING OF LONG-TERM LEASE OF 30 YEARS, OR MORE, ON OR AFTER 01.04.2019, FOR CONSTRUCTION OF RESIDENTIAL APARTMENTS. EXEMPTION IS AVAILABLE ONLY WHEN PROMOTER OR BUILDER PAYING TAX UNDER CONSTRUCTION SUPPLY OF SERVICE.

7. Passenger transportation services

ENTRY 15

TRANSPORT OF PASSENGERS, WITH OR WITHOUT ACCOMPANIED BELONGINGS, BY—

(A) AIR, EMBARKING FROM OR TERMINATING IN AN AIRPORT LOCATED IN THE STATE OF—

(I) ARUNACHAL PRADESH,
(II) ASSAM,
(III) MANIPUR,
(IV) MEGHALAYA,
(V) MIZORAM,
(VI) NAGALAND,
(VII) SIKKIM, OR
(VIII) TRIPURA OR
(IX) AT BAGDOGRA LOCATED IN WEST BENGAL;

(B) NON-AIRCONDITIONED CONTRACT CARRIAGE OTHER THAN RADIO TAXI, FOR TRANSPORTATION OF PASSENGERS, EXCLUDING TOURISM, CONDUCTED TOUR, CHARTER OR HIRE; OR

(C) STAGE CARRIAGE OTHER THAN AIRCONDITIONED STAGE CARRIAGE.

The GST rate applicable for transport of passengers by air in economy class is 5% with input tax credit allowed on input services.

The GST rate for transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme Airport is also fixed at 5% with input tax credit allowed on input services.

The GST rate for transport of passengers by air in other than economy class is 12% with full input tax credit.

Transportation of Passengers by Air	GST Rate	Input Tax Credit		
		Inputs	Capital goods	Input service
Economic class	5%	Not allowed	Not allowed	Allowed
Business class	12%	Allowed	Allowed	Allowed
Embarking from or terminating in a Regional Connectivity Scheme Airport	5%	Not allowed	Not allowed	Allowed

Regional Connectivity Scheme – exempted from GST Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding: Provided that nothing contained in this entry shall apply on or after the expiry of a period of one year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.

ENTRY 16

SERVICES PROVIDED TO THE CENTRAL GOVERNMENT, BY WAY OF TRANSPORT OF PASSENGERS WITH OR WITHOUT ACCOMPANIED BELONGINGS, BY AIR, EMBARKING FROM OR TERMINATING AT A REGIONAL CONNECTIVITY SCHEME AIRPORT, AGAINST CONSIDERATION IN THE FORM OF VIABILITY GAP FUNDING:

PROVIDED THAT NOTHING CONTAINED IN THIS ENTRY SHALL APPLY ON OR AFTER THE EXPIRY OF A PERIOD OF ONE YEAR FROM THE DATE OF COMMENCEMENT OF OPERATIONS OF THE REGIONAL CONNECTIVITY SCHEME AIRPORT AS NOTIFIED BY THE MINISTRY OF CIVIL AVIATION. W.E.F. 25-1-2018, VIABILITY GAP FUNDING (VGF) FOR A PERIOD OF 3 YEARS FROM THE DATE OF COMMENCEMENT OF RCS AIRPORT FROM THE PRESENT PERIOD OF 1 YEAR.

ENTRY 17

SERVICE OF TRANSPORTATION OF PASSENGERS, WITH OR WITHOUT ACCOMPANIED BELONGINGS, BY—

(A) RAILWAYS IN A CLASS OTHER THAN— (I) FIRST CLASS; OR (II) AN AIR-CONDITIONED COACH;

(B) METRO, MONORAIL OR TRAMWAY;

(C) INLAND WATERWAYS;

(D) PUBLIC TRANSPORT, OTHER THAN PREDOMINANTLY FOR TOURISM PURPOSE, IN A VESSEL BETWEEN PLACES LOCATED IN INDIA; AND

(E) METERED CABS OR AUTO RICKSHAWS (INCLUDING E-RICKSHAWS).

8. Goods transportation services

ENTRY 18
SERVICES BY WAY OF TRANSPORTATION OF GOODS

(A) BY ROAD EXCEPT THE SERVICES OF—
(I) A GOODS TRANSPORTATION AGENCY;
(II) A COURIER AGENCY;

(B) BY INLAND WATERWAYS.

ENTRY 20
SERVICES BY WAY OF TRANSPORTATION BY RAIL OR A VESSEL FROM ONE PLACE IN INDIA TO ANOTHER OF THE FOLLOWING GOODS—

(A) RELIEF MATERIALS MEANT FOR VICTIMS OF NATURAL OR MAN-MADE DISASTERS, CALAMITIES, ACCIDENTS OR MISHAP;

(B) DEFENSE OR MILITARY EQUIPMENT'S;

(C) NEWSPAPER OR MAGAZINES REGISTERED WITH THE REGISTRAR OF NEWSPAPERS;

(D) RAILWAY EQUIPMENT'S OR MATERIALS;

(E) AGRICULTURAL PRODUCE;

(F) MILK, SALT AND FOOD GRAIN INCLUDING FLOURS, PULSES AND RICE; AND

(G) ORGANIC MANURE.

GST Rate and ITC for transportation of Goods by Rail or Vessel:

- The rate is 5% (CGST 2.5% + SGST 2.5%) or IGST @ 5%.
- ITC of Input services available, but not for input Goods.

ENTRY 21
SERVICES PROVIDED BY A GOODS TRANSPORT AGENCY, BY WAY OF TRANSPORT IN A GOODS CARRIAGE OF—

(A) AGRICULTURAL PRODUCE;

(B) GOODS, WHERE CONSIDERATION CHARGED FOR THE TRANSPORTATION OF GOODS ON A CONSIGNMENT TRANSPORTED IN A SINGLE CARRIAGE DOES NOT EXCEED `1,500;

(C) GOODS, WHERE CONSIDERATION CHARGED FOR TRANSPORTATION OF ALL SUCH GOODS FOR A SINGLE CONSIGNEE DOES NOT EXCEED `750;

(D) MILK, SALT AND FOOD GRAIN INCLUDING FLOUR, PULSES AND RICE;

(E) ORGANIC MANURE;

(F) NEWSPAPER OR MAGAZINES REGISTERED WITH THE REGISTRAR OF NEWSPAPERS;

(G) RELIEF MATERIALS MEANT FOR VICTIMS OF NATURAL OR MAN-MADE DISASTERS, CALAMITIES, ACCIDENTS OR MISHAP; OR

(H) DEFENSE OR MILITARY EQUIPMENT'S.

ENTRY 21A

"SERVICES PROVIDED BY A GOODS TRANSPORT AGENCY TO AN UNREGISTERED PERSON, INCLUDING AN UNREGISTERED CASUAL TAXABLE PERSON, OTHER THAN THE SPECIFIED RECIPIENTS" ALSO EXEMPT FROM GST [VIDE NOTIFICATION NO. 33/2017 CENTRAL TAX (RATE), DATED 13.10.2017].

ENTRY 21B

SERVICES PROVIDED BY A GOODS TRANSPORT AGENCY, BY WAY OF TRANSPORT OF GOODS IN A GOODS CARRIAGE, TO,—

(A) A DEPARTMENT OR ESTABLISHMENT OF THE CENTRAL GOVERNMENT OR STATE GOVERNMENT OR UNION TERRITORY; OR

(B) LOCAL AUTHORITY; OR

(C) GOVERNMENTAL AGENCIES, WHICH HAS TAKEN REGISTRATION UNDER THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 (12 OF 2017) ONLY FOR THE PURPOSE OF DEDUCTING TAX UNDER SECTION 51 AND NOT FOR MAKING A TAXABLE SUPPLY OF GOODS OR SERVICES.

9. Banking and financial services

ENTRY 26
SERVICES BY THE RESERVE BANK OF INDIA.

Services received by the Reserve Bank of India from outside India in relation to management of foreign exchange reserves also exempt from GST:
For examples:
- External asset management,
- custodial services,
- securities lending services etc.

ENTRY 27
SERVICES BY WAY OF—

(A) EXTENDING DEPOSITS, LOANS OR ADVANCES IN SO FAR AS THE CONSIDERATION IS REPRESENTED BY WAY OF INTEREST OR DISCOUNT (OTHER THAN INTEREST INVOLVED IN CREDIT CARD SERVICES);

(B) SALE OR PURCHASE OF FOREIGN CURRENCY AMONGST BANKS OR AUTHORIZED DEALERS OF FOREIGN EXCHANGE OR AMONGST BANKS AND SUCH DEALERS.

As per CBIC Circular No. 102/21/2019-GST, dated 28-6-2019, Penal interest against loan repayment is also treated as interest and covered under entry no. 27 of the Notification No. 12/2017 C.T. Therefore, exempted from GST.

ENTRY 27A
SERVICES PROVIDED BY A BANKING COMPANY TO BASIC SAVING BANK DEPOSIT (BSBD) ACCOUNT HOLDERS UNDER PRADHAN MANTRI JAN DHAN YOJANA (PMJDY).

ENTRY 34
SERVICES BY AN ACQUIRING BANK, TO ANY PERSON IN RELATION TO SETTLEMENT OF AN AMOUNT UPTO `2,000 IN A SINGLE TRANSACTION TRANSACTED THROUGH CREDIT CARD, DEBIT CARD, CHARGE CARD OR OTHER PAYMENT CARD SERVICE.

EXPLANATION.—FOR THE PURPOSES OF THIS ENTRY, "ACQUIRING BANK" MEANS ANY BANKING COMPANY, FINANCIAL INSTITUTION INCLUDING NON-BANKING FINANCIAL COMPANY OR ANY OTHER PERSON, WHO MAKES THE PAYMENT TO ANY PERSON WHO ACCEPTS SUCH CARD.

ENTRY 39A

SERVICES BY AN INTERMEDIARY OF FINANCIAL SERVICES LOCATED IN A MULTI SERVICES SEZ WITH INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC) STATUS TO A CUSTOMER LOCATED OUTSIDE INDIA FOR INTERNATIONAL FINANCIAL SERVICES IN CURRENCIES OTHER THAN INDIAN RUPEES (INR). EXPLANATION.—FOR THE PURPOSES OF THIS ENTRY, THE INTERMEDIARY OF FINANCIAL SERVICES IN IFSC IS A PERSON,— (I) WHO IS PERMITTED OR RECOGNISED AS SUCH BY THE GOVERNMENT OF INDIA OR ANY REGULATOR APPOINTED FOR REGULATION OF IFSC; OR (II) WHO IS TREATED AS A PERSON RESIDENT OUTSIDE INDIA UNDER THE FOREIGN EXCHANGE MANAGEMENT (INTERNATIONAL FINANCIAL SERVICES CENTRE) REGULATIONS, 2015; OR (III) WHO IS REGISTERED UNDER THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (INTERNATIONAL FINANCIAL SERVICE CENTRE) GUIDELINES, 2015 AS IFSC INSURANCE OFFICE; OR (IV) WHO IS PERMITTED AS SUCH BY SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (INTERNATIONAL FINANCIAL SERVICES CENTRES) GUIDELINES, 2015.

10. Life insurance business services

ENTRY 28

SERVICES OF LIFE INSURANCE BUSINESS PROVIDED BY WAY OF ANNUITY UNDER THE NATIONAL PENSION SYSTEM REGULATED BY THE PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA UNDER THE PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY ACT, 2013 (23 OF 2013).

ENTRY 29

SERVICES OF LIFE INSURANCE BUSINESS PROVIDED OR AGREED TO BE PROVIDED BY THE ARMY, NAVAL AND AIR FORCE GROUP INSURANCE FUNDS TO MEMBERS OF THE ARMY, NAVY AND AIR FORCE, RESPECTIVELY, UNDER THE GROUP INSURANCE SCHEMES OF THE CENTRAL GOVERNMENT.

Group Insurance means it covers a defined group of people, for example members of a professional association, or a society or employees of an organization. Group Insurance may offer life cover, health cover, and/or other types of personal insurance.

Group insurance has several advantages chief among which is a life cover made available to members irrespective of age, gender, socio economic background or profession, so long as they belong to the group that is applying for insurance. Premium for these types of insurance is exempt from GST.

ENTRY 29A

SERVICES OF LIFE INSURANCE PROVIDED OR AGREED TO BE PROVIDED BY THE NAVAL GROUP INSURANCE FUND TO THE PERSONNEL OF COAST GUARD UNDER THE GROUP INSURANCE SCHEMES OF THE CENTRAL GOVERNMENT.

ENTRY 29B

SERVICES OF LIFE INSURANCE PROVIDED OR AGREED TO BE PROVIDED BY THE CENTRAL ARMED POLICE FORCES (UNDER MINISTRY OF HOME AFFAIRS) GROUP INSURANCE FUNDS TO THEIR MEMBERS UNDER THE GROUP INSURANCE SCHEMES OF THE CONCERNED CENTRAL ARMED POLICE FORCE EXEMPTED FROM GST.

ENTRY 36

SERVICES OF LIFE INSURANCE BUSINESS PROVIDED UNDER FOLLOWING SCHEMES—

(A) JANASHREE BIMA YOJANA;
(B) AAM AADMI BIMA YOJANA;
(C) LIFE MICRO-INSURANCE PRODUCT AS APPROVED BY THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HAVING MAXIMUM AMOUNT OF COVER OF TWO LAKHS RUPEES (W.E.F. 25.1.2018). PRIOR TO 25.1.2018 IT WAS FIFTY THOUSAND RUPEES;
(D) VARISHTHA PENSION BIMAYOJANA;
(E) PRADHAN MANTRI JEEVAN JYOTIBIMAYOJANA;
(F) PRADHAN MANTRI JAN DHANYOGANA;
(G) PRADHAN MANTRI VAYA VANDAN YOJANA

11. Services provided by specified bodies

ENTRY 30
SERVICES BY THE EMPLOYEES' STATE INSURANCE CORPORATION TO PERSONS GOVERNED UNDER THE EMPLOYEES' STATE INSURANCE ACT, 1948 (34 OF 1948).

ENTRY 31
SERVICES PROVIDED BY THE EMPLOYEES PROVIDENT FUND ORGANISATION TO THE PERSONS GOVERNED UNDER THE EMPLOYEES PROVIDENT FUNDS AND THE MISCELLANEOUS PROVISIONS ACT, 1952 (19 OF 1952).

ENTRY 31A
SERVICES BY COAL MINES PROVIDENT FUND ORGANISATION TO PERSONS GOVERNED BY THE COAL MINES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1948
[NOTIFICATION NO. 14/2018-CENTRAL TAX (RATE)]

ENTRY 31B
SERVICES BY NATIONAL PENSION SYSTEM (NPS) TRUST TO ITS MEMBERS AGAINST CONSIDERATION IN THE FORM OF ADMINISTRATIVE FEE.
[NOTIFICATION NO. 14/2018-CENTRAL TAX (RATE)].

ENTRY 32
SERVICES PROVIDED BY THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA TO INSURERS UNDER THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA ACT, 1999 (41 OF 1999).

ENTRY 33
SERVICES PROVIDED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA SET UP UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 (15 OF 1992) BY WAY OF PROTECTING THE INTERESTS OF INVESTORS IN SECURITIES AND TO PROMOTE THE DEVELOPMENT OF, AND TO REGULATE, THE SECURITIES MARKET.

12. General insurance business services

ENTRY 35
SERVICES OF GENERAL INSURANCE BUSINESS PROVIDED UNDER FOLLOWING SCHEMES—

(A) HUT INSURANCE SCHEME;
(B) CATTLE INSURANCE UNDER SWARNAJAYNTI GRAM SWAROZGAR YOJNA (EARLIER KNOWN AS INTEGRATED RURAL DEVELOPMENT PROGRAMME);
(C) SCHEME FOR INSURANCE OF TRIBALS;
(D) JANATA PERSONAL ACCIDENT POLICY AND GRAMIN ACCIDENT POLICY;
(E) GROUP PERSONAL ACCIDENT POLICY FOR SELF-EMPLOYED WOMEN;
(F) AGRICULTURAL PUMPSET AND FAILED WELL INSURANCE;
(G) PREMIA COLLECTED ON EXPORT CREDIT INSURANCE;
(H) WEATHER BASED CROP INSURANCE SCHEME OR THE MODIFIED NATIONAL AGRICULTURAL INSURANCE SCHEME, APPROVED BY THE GOVERNMENT OF INDIA AND IMPLEMENTED BY THE MINISTRY OF AGRICULTURE;
(I) JAN AROGYA BIMA POLICY;
(J) NATIONAL AGRICULTURAL INSURANCE SCHEME (RASHTRIYA KRISHI BIMA YOJANA);
(K) PILOT SCHEME ON SEED CROP INSURANCE;
(L) CENTRAL SECTOR SCHEME ON CATTLE INSURANCE;
(M) UNIVERSAL HEALTH INSURANCE SCHEME;
(N) RASHTRIYA SWASTHYA BIMA YOJANA;
(O) COCONUT PALM INSURANCE SCHEME;
(P) PRADHAN MANTRI SURAKSHA BIMAYOJNA;
(Q) NIRAMAYA HEALTH INSURANCE SCHEME IMPLEMENTED BY THE TRUST CONSTITUTED UNDER THE PROVISIONS OF THE NATIONAL TRUST FOR THE WELFARE OF PERSONS WITH AUTISM, CEREBRAL PALSY, MENTAL RETARDATION AND MULTIPLE DISABILITIES ACT, 1999 (44 OF 1999).

W.E.F 1-10-2019: EXEMPTION NOTIFICATION HAS BEEN AMENDED TO EXEMPT SERVICES OF GENERAL INSURANCE BUSINESS PROVIDED UNDER "BANGLA SHASYA BIMA" SCHEME.

ENTRY 36A
SERVICES BY WAY OF REINSURANCE OF THE INSURANCE SCHEMES SPECIFIED IN SERIAL NUMBER 35 OR 36. IT IS EXPECTED THAT THE PREMIUM AMOUNT CHARGED FROM THE GOVERNMENT/INSURED IN RESPECT OF FUTURE INSURANCE SERVICES IS REDUCED.

13. Pension schemes

ENTRY 37
SERVICES BY WAY OF COLLECTION OF CONTRIBUTION UNDER THE ATAL PENSION YOJANA.

ENTRY 38
SERVICES BY WAY OF COLLECTION OF CONTRIBUTION UNDER ANY PENSION SCHEME OF THE STATE GOVERNMENTS.

14. BUSINESS FACILITATOR/CORRESPONDENT

ENTRY 39

SERVICES BY THE FOLLOWING PERSONS IN RESPECTIVE CAPACITIES—

(A) BUSINESS FACILITATOR OR A BUSINESS CORRESPONDENT TO A BANKING COMPANY WITH RESPECT TO ACCOUNTS IN ITS RURAL AREA BRANCH;

(B) ANY PERSON AS AN INTERMEDIARY TO A BUSINESS FACILITATOR OR A BUSINESS CORRESPONDENT WITH RESPECT TO SERVICES MENTIONED IN ENTRY (A); OR

(C) BUSINESS FACILITATOR OR A BUSINESS CORRESPONDENT TO AN INSURANCE COMPANY IN A RURAL AREA.

Business facilitators or correspondent services are as follows:

(a) Enrollment of customers, including collection of biometric and other details, provide card (ID Card, Debit Card, Credit Card), PIN.

(b) Provide transaction facility:
(i) Deposit of money in an account with any bank
(ii) Withdrawal of money from an account with any bank
(iii) Remittances from an account with a bank to an account with the same or any other bank.
(iv) Balance Enquiry and issue Receipts/ Statement of Accounts.

(c) Disbursal of credit facilities to borrowers involving small amounts strictly as per the instructions of the Bank.

(d) Other activities:
i. Identification of borrowers and classification of activities as per their requirements.
ii. Collection and prima facie scrutiny of loan applications including verification of primary data.
iii. Creating awareness about savings and other products offered by the Bank and education and advice on managing money & debt counseling.
iv. Preliminary scrutiny of data and submission of applications to the Bank for its review.
v. Promotion, nurturing, monitoring and handholding of Self Help Groups and/or Joint Liability Groups and/ or Credit Groups and others.
vi. Facilitating the repayment of dues owed to the bank by its customers.
vii. Marketing of third party financial products.

15. Services provided to Government

ENTRY 3

PURE SERVICES (EXCLUDING WORKS CONTRACT SERVICE OR OTHER COMPOSITE SUPPLIES INVOLVING SUPPLY OF ANY GOODS) PROVIDED TO THE CENTRAL GOVERNMENT, STATE GOVERNMENT OR UNION TERRITORY OR LOCAL AUTHORITY OR A GOVERNMENTAL AUTHORITY OR W.E.F. 25.1.2018 GOVT. ENTITY BY WAY OF ANY ACTIVITY IN RELATION TO ANY FUNCTION ENTRUSTED TO A PANCHAYAT UNDER ARTICLE 243G OF THE CONSTITUTION OR IN RELATION TO ANY FUNCTION ENTRUSTED TO A MUNICIPALITY UNDER ARTICLE 243W OF THE CONSTITUTION.

ARTICLE 243G OF SCHEDULE XI

(1) agriculture, including agriculture extensions.
(2) land improvement, implementation of land reforms , land consolidation & soil conservation.
(3) minor irrigation, water management & water shed development.
(4) Animal husbandry, dairying & poultry.
(5) fisheries
(6) social forestry & farm forestry.
(7) minor forestry produce.
(8) small scale industries, including food processing industries.
(9) khadi, village & cottage industries.
(10) rural housing
(11) drinking water
(12) fuel & fodder.
(13) roads, culverts, bridges, ferries, waterways & other means of communication.
(14) rural electrification, including distribution of electricity.
(15) non-conventional energy.
(16) poverty alleviation programmes.
(17) education including primary & secondary schools., technical training & vocational education.
(18) adult & non-formal education.
(19) Libraries.
(20) cultural activities.
(21) markets & fairs.
(22) health & sanitation, including hospitals, primary health centres & dispensaries.
(23) family welfare
(24) women & child development.
(25) social welfare including welfare of handicapped & mental retarded.
(26) welfare of the weaker sections & in particulars of the SC & ST's (27) public distribution system.
(28) maintenance of community asserts.

TWELFTH SCHEDULE (Article 243W)

1. Urban planning including town planning.

2. Regulation of land-use and construction of buildings.

3. Planning for economic and social development.

4. Roads and bridges.

5. Water supply for domestic, industrial and commercial purposes.

6. Public health, sanitation conservancy and solid waste management.

7. Fire services.

8. Urban forestry, protection of the environment and promotion of ecological aspects.

9. Safeguarding the interests of weaker sections of Society,including the handicapped and mentally retarded.

10. Slum improvement and upgradation.

11. Urban poverty alleviation.

12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.

13. Promotion of cultural, educational and aesthetic aspects.

14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.

15. Cattle pounds; prevention of cruelty to animals.

16. Vital statistics including registration of births and deaths.

17. Public amenities including street lighting, parking lots, bus stopsand public conveniences.

18. Regulation of slaughter-houses and tanneries.

ENTRY 3A

COMPOSITE SUPPLY OF GOODS AND SERVICES IN WHICH THE VALUE OF SUPPLY OF GOODS CONSTITUTES NOT MORE THAN 25 PER CENT. OF THE VALUE OF THE SAID COMPOSITE SUPPLY PROVIDED TO THE CENTRAL GOVERNMENT, STATE GOVERNMENT OR UNION TERRITORY OR LOCAL AUTHORITY OR A GOVERNMENTAL AUTHORITY OR A GOVERNMENT ENTITY BY WAY OF ANY ACTIVITY IN RELATION TO ANY FUNCTION ENTRUSTED TO A PANCHAYAT UNDER ARTICLE 243G OF THE CONSTITUTION OR IN RELATION TO ANY FUNCTION ENTRUSTED TO A MUNICIPALITY UNDER ARTICLE 243W OF THE CONSTITUTION

ENTRY 11A

SERVICE PROVIDED BY FAIR PRICE SHOPS TO CENTRAL GOVERNMENT BY WAY OF SALE OF WHEAT, RICE AND COARSE GRAINS UNDER PUBLIC DISTRIBUTION SYSTEM (PDS) AGAINST CONSIDERATION IN THE FORM OF COMMISSION OR MARGIN. NOTIFICATION NO. 21/2017-CENTRAL TAX (RATE), DATED 22ND AUG 2017.

W.E.F 15TH NOVEMBER 2017: "SERVICE PROVIDED BY FAIR PRICE SHOPS TO CENTRAL GOVERNMENT, STATE GOVERNMENT OR UNION TERRITORY BY WAY OF SALE OF FOOD GRAINS, KEROSENE, SUGAR, EDIBLE OIL, ETC. UNDER PUBLIC DISTRIBUTION SYSTEM AGAINST CONSIDERATION IN THE FORM OF COMMISSION OR MARGIN" IS EXEMPT FROM GST [VIDE NOTIFICATION NO. 47/2017- CENTRAL TAX (RATE)]

ENTRY 40

SERVICES PROVIDED TO THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY UNDER ANY INSURANCE SCHEME FOR WHICH TOTAL PREMIUM IS PAID BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY. SERVICES OF RE-INSURANCE OF THE INSURANCE SCHEMES PROVIDED TO THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY UNDER ANY INSURANCE SCHEME FOR WHICH TOTAL PREMIUM IS PAID BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY (I.E. INSURANCE SCHEME EXEMPTED UNDER ENTRY 40) [VIDE NOTIFICATION NO. 14/2018-CENTRAL TAX (RATE) DATED 27TH JULY 2018].

ENTRY 51

SERVICES PROVIDED BY THE GOODS AND SERVICES TAX NETWORK TO THE CENTRAL GOVERNMENT OR STATE GOVERNMENTS OR UNION TERRITORIES FOR IMPLEMENTATION OF GOODS AND SERVICES TAX.

16. Leasing services

ENTRY 41
ONE TIME UPFRONT AMOUNT (CALLED AS PREMIUM, SALAMI, COST, PRICE, DEVELOPMENT CHARGES OR BY ANY OTHER NAME) LEVIABLE IN RESPECT OF THE SERVICE, BY WAY OF GRANTING LONG TERM (THIRTY YEARS, OR MORE) LEASE OF INDUSTRIAL PLOTS, PROVIDED BY THE STATE GOVERNMENT INDUSTRIAL DEVELOPMENT CORPORATIONS OR UNDERTAKINGS TO INDUSTRIAL UNITS. W.E.F.20TH SEPTEMBER 2018:

"EXPLANATION.—FOR THE PURPOSE OF THIS EXEMPTION, THE CENTRAL GOVERNMENT, STATE GOVERNMENT OR UNION TERRITORY SHALL HAVE 50 PER CENT. OR MORE OWNERSHIP IN THE ENTITY DIRECTLY OR THROUGH AN ENTITY WHICH IS WHOLLY OWNED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT OR UNION TERRITORY." [NOTIFICATION NO. 23/2018-CENTRAL TAX (RATE)].

ENTRY 43
SERVICES OF LEASING OF ASSETS (ROLLING STOCK ASSETS INCLUDING WAGONS, COACHES, LOCOS) BY THE INDIAN RAILWAYS FINANCE CORPORATION TO INDIAN RAILWAYS.

17. Legal services

ENTRY 45

SERVICES PROVIDED BY—

(A) AN ARBITRAL TRIBUNAL TO—

(I) ANY PERSON OTHER THAN A BUSINESS ENTITY; OR

(II) A BUSINESS ENTITY WITH AN AGGREGATE TURNOVER UPTO `20 LAKH (`10 LAKH IN THE CASE OF SPECIAL CATEGORY STATES) IN THE PRECEDING FINANCIAL YEAR;

(III) W.E.F. 25.1.2018, THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY, LOCAL AUTHORITY, GOVERNMENTAL AUTHORITY OR GOVERNMENT ENTITY;

(B) A PARTNERSHIP FIRM OF ADVOCATES OR AN INDIVIDUAL AS AN ADVOCATE OTHER THAN A SENIOR ADVOCATE, BY WAY OF LEGAL SERVICES TO—

(I) AN ADVOCATE OR PARTNERSHIP FIRM OF ADVOCATES PROVIDING LEGAL SERVICES;

(II) ANY PERSON OTHER THAN A BUSINESS ENTITY; OR

(III) A BUSINESS ENTITY WITH AN AGGREGATE TURNOVER UPTO `20 LAKH (`10 LAKH IN THE CASE OF SPECIAL CATEGORY STATES) IN THE PRECEDING FINANCIAL YEAR;

(IV) W.E.F. 25.1.2018, THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY, LOCAL AUTHORITY, GOVERNMENTAL AUTHORITY OR GOVERNMENT ENTITY;

(C) A SENIOR ADVOCATE BY WAY OF LEGAL SERVICES TO—

(I) ANY PERSON OTHER THAN A BUSINESS ENTITY; OR

(II) A BUSINESS ENTITY WITH AN AGGREGATE TURNOVER UPTO `20 LAKH (`10 LAKH IN THE CASE OF SPECIAL CATEGORY STATES) IN THE PRECEDING FINANCIAL YEAR OR

(III) W.E.F. 25.1.2018, THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY, LOCAL AUTHORITY, GOVERNMENTAL AUTHORITY OR GOVERNMENT ENTITY.

W.E.F. 1-10-2019: AGGREGATE TURNOVER OF UP TO "SUCH AMOUNT IN THE PRECEDING FINANCIAL YEAR AS MAKES IT ELIGIBLE FOR EXEMPTION

FROM REGISTRATION UNDER THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 (12 OF 2017)" IS EXEMPT.

EARLIER THE TURNOVER WAS SPECIFIED AS "TWENTY LAKH RUPEES (TEN LAKH RUPEES IN CASE OF A SPECIAL CATEGORY STATE) IN THE PRECEDING FINANCIAL YEAR" WHICH HAS NOW BEEN RATIONALISED.

Service Provider	Service Receiver	Taxable	Comments
Arbitral Tribunal	Any person Or Business entity with a turnover up to ` 20 lakhs (`10 lakhs in case of special category states) in the P.Y.	NO	All types of legal services are exempted.
Arbitral Tribunal	Business entity with a turnover > ` 20 lakhs (> `10 lakhs in case of special category states) in the P.Y.	Yes. Business entity is liable to pay GST under reverse charge	All types of legal services like Advisory, consultancy, representational services before any court, tribunal or authority are taxable
Individual Advocate or Firm of Advocates (Other than a senior advocate), by way of legal services	An Advocate or Firm of Advocates or Other than a business entity Or Business entity with a turnover up to ` 20 lakhs (` 10 lakhs in the case of special category states) in the P.Y	No	All type of legal services like Advisory, consultancy, representational services before any Court, Tribunal or Authority are exempted
Individual Advocate or Firm of Advocates	Business entity (includes sole proprietors firm) with a turnover > ` 20 lakhs (> ` 10 lakhs in case of special category states) in the P.Y.	Yes. Business entity is liable to pay GST under Reverse Charge	All types of legal services like Advisory, consultancy, representational services before any Court, Tribunal or Authority are Taxable
Senior advocate by way of legal services	Other than a business entity Or Business entity with a turnover up to ` 20 lakhs (` 10 lakhs in the case of special category states) in the P.Y	No	All types of legal services like Advisory, consultancy, representational services before any court, tribunal or authority are

			exempted
Senior advocate by way of legal services	Business entity (includes sole proprietors firm) with a turnover > ` 20 lakhs (> ` 10 lakhs in case of special category states) in the P.Y.	Yes. Business entity is liable to pay GST under Reverse Charge	All types of legal services like Advisory, consultancy, representational services before any Court, Tribunal or Authority are Taxable

Service provider	**Recipient of service**	**Taxability**	**Who Is liable to pay GST**
Arbitral Tribunal	Business entity P.Y. Turnover > ` 20 lakhs (> ` 10 lakhs in case of special category States)	TAXABLE SUPPLY	Recipient is liable to pay GST
Advocates			
Senior Advocates			

Notification 2/2018-Central Tax (Rate) dated 25.1.2018 issued. w.e.f. 25.1.2018, Legal services provided to Government, Local Authority, Governmental Authority and Government Entity exempted.

• Services provided by a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity, EXEMPT;
• Services provided by a senior advocate, by way of legal services to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity, EXEMPT;

18. Sponsorship of sports events

ENTRY 53

SERVICES BY WAY OF SPONSORSHIP OF SPORTING EVENTS ORGANISED—

(A) BY A NATIONAL SPORTS FEDERATION, OR ITS AFFILIATED FEDERATIONS, WHERE THE PARTICIPATING TEAMS OR INDIVIDUALS REPRESENT ANY DISTRICT, STATE, ZONE OR COUNTRY;

(B) BY ASSOCIATION OF INDIAN UNIVERSITIES, INTER-UNIVERSITY SPORTS BOARD, SCHOOL GAMES FEDERATION OF INDIA, ALL INDIA SPORTS COUNCIL FOR THE DEAF, PARALYMPIC COMMITTEE OF INDIA OR SPECIAL OLYMPICS BHARAT;

(C) BY THE CENTRAL CIVIL SERVICES CULTURAL AND SPORTS BOARD;

(D) AS PART OF NATIONAL GAMES, BY THE INDIAN OLYMPIC ASSOCIATION; OR

(E) UNDER THE PANCHAYAT YUVA KREEDA AUR KHEL ABHIYAAN SCHEME.

19. Skill Development services

ENTRY 69

ANY SERVICES PROVIDED BY,—

(A) THE NATIONAL SKILL DEVELOPMENT CORPORATION SET UP BY THE GOVERNMENT OF INDIA;

(B) A SECTOR SKILL COUNCIL APPROVED BY THE NATIONAL SKILL DEVELOPMENT CORPORATION;

(C) AN ASSESSMENT AGENCY APPROVED BY THE SECTOR SKILL COUNCIL OR THE NATIONAL SKILL DEVELOPMENT CORPORATION;

(D) A TRAINING PARTNER APPROVED BY THE NATIONAL SKILL DEVELOPMENT CORPORATION OR THE SECTOR SKILL COUNCIL, IN RELATION TO—

(I) THE NATIONAL SKILL DEVELOPMENT PROGRAMME IMPLEMENTED BY THE NATIONAL SKILL DEVELOPMENT CORPORATION; OR

(II) A VOCATIONAL SKILL DEVELOPMENT COURSE UNDER THE NATIONAL SKILL CERTIFICATION AND MONETARY REWARD SCHEME; OR

(III) ANY OTHER SCHEME IMPLEMENTED BY THE NATIONAL SKILL DEVELOPMENT CORPORATION.

ENTRY 70

SERVICES OF ASSESSING BODIES EMPANELLED CENTRALLY BY THE DIRECTORATE GENERAL OF TRAINING, MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP BY WAY OF ASSESSMENTS UNDER THE SKILL DEVELOPMENT INITIATIVE SCHEME.

ENTRY 71

SERVICES PROVIDED BY TRAINING PROVIDERS (PROJECT IMPLEMENTATION AGENCIES) UNDER DEEN DAYAL UPADHYAYA GRAMEEN KAUSHALYA YOJANA IMPLEMENTED BY THE MINISTRY OF RURAL DEVELOPMENT, GOVERNMENT OF INDIA BY WAY OF OFFERING SKILL OR VOCATIONAL TRAINING COURSES CERTIFIED BY THE NATIONAL COUNCIL FOR VOCATIONAL TRAINING.

Exemption to certain training providers

Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana under the Ministry of Rural Development by way of

offering skill or vocational training courses certified by National Council For Vocational Training. The exemption is provided subject to the following conditions:

a) Project implementing agency under Deen Dayal Upadhyaya Grameen Kaushalya Yojana under Ministry of Rural Development

b) The services shall be in the nature of skill or vocational training courses certified by National Council for Vocational Training The service provider may be Government Agency or any private agency but he should provide the services as mentioned above.

20. Performance by an artist

ENTRY 78
SERVICES BY AN ARTIST BY WAY OF A PERFORMANCE IN FOLK OR CLASSICAL ART FORMS OF—

(A) MUSIC, OR (B) DANCE, OR (C) THEATRE,

IF THE CONSIDERATION CHARGED FOR SUCH PERFORMANCE IS NOT MORE THAN `1,50,000:

PROVIDED THAT THE EXEMPTION SHALL NOT APPLY TO SERVICE PROVIDED BY SUCH ARTIST AS A BRAND AMBASSADOR.

21. Right to admission to various events

ENTRY 79

SERVICES BY WAY OF ADMISSION TO A MUSEUM, NATIONAL PARK, WILDLIFE SANCTUARY, TIGER RESERVE OR ZOO.

ENTRY 79A

SERVICES BY WAY OF ADMISSION TO A PROTECTED MONUMENT SO DECLARED UNDER THE ANCIENT MONUMENTS AND ARCHAEOLOGICAL SITES AND REMAINS ACT 1958 (24 OF 1958) OR ANY OF THE STATE ACTS, FOR THE TIME BEING IN FORCE IS EXEMPT FROM GST. [NOTIFICATION NO.47/2017- CENTRAL TAX (RATE) DATED 14TH NOVEMBER 2017]

ENTRY 81

SERVICES BY WAY OF RIGHT TO ADMISSION TO—

(A) CIRCUS, DANCE, OR THEATRICAL PERFORMANCE INCLUDING DRAMA OR BALLET;

(B) AWARD FUNCTION, CONCERT, PAGEANT, MUSICAL PERFORMANCE OR ANY SPORTING EVENT OTHER THAN A RECOGNISED SPORTING EVENT;

(C) RECOGNISED SPORTING EVENT,

(D) W.E.F. 25.1.2018, PLANETARIUM,

WHERE THE CONSIDERATION FOR RIGHT TO ADMISSION TO THE EVENTS OR PLACES AS REFERRED TO IN ITEMS (A), (B), (C) OR (D) ABOVE IS NOT MORE THAN `500 PER PERSON."

PRIOR TO 25.1.2018, WHERE THE CONSIDERATION FOR ADMISSION IS NOT MORE THAN `250 PER PERSON AS REFERRED TO IN (A), (B) AND (C) ABOVE.

22. Services by an unincorporated body or a non- profit entity

ENTRY 77

SERVICE BY AN UNINCORPORATED BODY OR A NON- PROFIT ENTITY REGISTERED UNDER ANY LAW FOR THE TIME BEING IN FORCE, TO ITS OWN MEMBERS BY WAY OF REIMBURSEMENT OF CHARGES OR SHARE OF CONTRIBUTION—

(A) AS A TRADE UNION;

(B) FOR THE PROVISION OF CARRYING OUT ANY ACTIVITY WHICH IS EXEMPT FROM THE LEVY OF GOODS AND SERVICE TAX; OR

(C) W.E.F. 25.1.2018, UPTO AN AMOUNT OF `7,500 PER MONTH PER MEMBER

(PRIOR TO 25.1.2018 IT WAS `5,000 PER MONTH PER MEMBER) FOR SOURCING OF GOODS OR SERVICES FROM A THIRD PERSON FOR THE COMMON USE OF ITS MEMBERS IN A HOUSING SOCIETY OR A RESIDENTIAL COMPLEX.

ENTRY 77A

SERVICES PROVIDED BY AN UNINCORPORATED BODY OR A NON-PROFIT ENTITY REGISTERED UNDER ANY LAW FOR THE TIME BEING IN FORCE, ENGAGED IN,—

(I) ACTIVITIES RELATING TO THE WELFARE OF INDUSTRIAL OR AGRICULTURAL LABOUR OR FARMERS; OR

(II) PROMOTION OF TRADE, COMMERCE, INDUSTRY, AGRICULTURE, ART, SCIENCE, LITERATURE, CULTURE, SPORTS, EDUCATION, SOCIAL WELFARE, CHARITABLE ACTIVITIES AND PROTECTION OF ENVIRONMENT,

TO ITS OWN MEMBERS AGAINST CONSIDERATION IN THE FORM OF MEMBERSHIP FEE UPTO AN AMOUNT OF ONE THOUSAND RUPEES (`1000/-) PER MEMBER PER YEAR.

(NOTIFICATION NO. 14/2018-CENTRAL TAX (RATE) DATED 26TH JULY 2018)

23. Other exempt services

ENTRY 2
SERVICES BY WAY OF TRANSFER OF A GOING CONCERN, AS A WHOLE OR AN INDEPENDENT PART THEREOF.

Services by way of transfer of a going concern, as a whole or an independent part thereof, are exempt from Goods and Services Tax. Therefore, no GST on such sale of business.

ENTRY 9A
SERVICES PROVIDED BY AND TO FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA) AND ITS SUBSIDIARIES DIRECTLY OR INDIRECTLY RELATED TO ANY OF THE EVENTS UNDER FIFA U-17 WORLD CUP 2017 TO BE HOSTED IN INDIA HAVE BEEN EXEMPTED FROM GST.

PROVIDED THAT DIRECTOR (SPORTS), MINISTRY OF YOUTH AFFAIRS AND SPORTS CERTIFIES THAT THE SERVICES ARE DIRECTLY OR INDIRECTLY RELATED TO ANY OF THE EVENTS UNDER FIFA U-17 WORLD CUP 2017.";

ENTRY 9AA
SERVICES PROVIDED BY AND TO FEDERATION INTERNATIONAL DE FOOTBALL ASSOCIATION (FIFA) AND ITS SUBSIDIARIES DIRECTLY OR INDIRECTLY RELATED TO ANY OF THE EVENT UNDER FIFA U-17 WOMEN'S WORLD CUP 2020 TO BE HOSTED IN INDIA IS EXEMPTED FROM GST.

PROVIDED THAT DIRECTOR (SPORTS), MINISTRY OF YOUTH AFFAIRS AND SPORTS CERTIFIES THAT THE SERVICES ARE DIRECTLY OR INDIRECTLY RELATED TO ANY OF THE EVENTS UNDER FIFA U-17 WORLD CUP 2020.

ENTRY 9B
SUPPLY OF SERVICES ASSOCIATED WITH TRANSIT CARGO TO NEPAL AND BHUTAN (LANDLOCKED COUNTRIES) HAVE BEEN EXEMPTED FROM GST.

The government of India has removed the goods and services tax on services provided by Indian service providers for transit cargo such as
• transportation,
• insurance,
• shipment,
• container freight station and
• cargo handling charges, among others considering these services provided by the Indian service providers as 'service export'.

ENTRY 11B

SERVICE PROVIDED BY FAIR PRICE SHOPS TO STATE GOVERNMENTS OR UNION TERRITORIES BY WAY OF SALE OF KEROSENE, SUGAR, EDIBLE OIL, ETC. UNDER PUBLIC DISTRIBUTION SYSTEM (PDS) AGAINST CONSIDERATION IN THE FORM OF COMMISSION OR MARGIN. NOTIFICATION NO. 21/2017-CENTRAL TAX (RATE), DATED 22ND AUG. 2017. W.E.F. 15TH NOVEMBER 2017 ENTRY NO. 11B OMITTED.

ENTRY 12

SERVICES BY WAY OF RENTING OF RESIDENTIAL DWELLING FOR USE AS RESIDENCE.

The following are taxable supplies:
- Residential house taken on rent for commercial purposes
- House is given on rent and the same is used as a hotel or a lodge
- Rooms in a hotel or a lodge are let out where tariff per day per room ` 1000 or more.

ENTRY 14

SERVICES BY A HOTEL, INN, GUEST HOUSE, CLUB OR CAMPSITE, BY WHATEVER NAME CALLED, FOR RESIDENTIAL OR LODGING PURPOSES, HAVING ~~DECLARED TARIFF~~ VALUE OF SUPPLY OF A UNIT OF ACCOMMODATION BELOW `1,000 PER DAY OR EQUIVALENT.

ENTRY 19

SERVICES BY WAY OF TRANSPORTATION OF GOODS BY AN AIRCRAFT FROM A PLACE OUTSIDE INDIA UPTO THE CUSTOMS STATION OF CLEARANCE IN INDIA

S.No.	Transportation of goods by Air	Taxable supply	GST Rate	Remarks
1	Within India	YES	18%	Exemption not granted
2	From India to outside India	NO	NIL	Destination of goods outside India
3	From outside India into India	NO	NIL	Covered under Entry no. 19 of exemption list

ENTRY 19A

SERVICES BY WAY OF TRANSPORTATION OF GOODS BY AN AIRCRAFT FROM CUSTOMS STATION OF CLEARANCE IN INDIA TO A PLACE OUTSIDE INDIA. THIS EXEMPTION GRANTED ONLY TILL 30TH SEPTEMBER 2018. NOW EXTENDED UPTO 30TH SEPTEMBER 2019. W.E.F. 1-10-2019 THIS EXEMPTION FURTHER EXTENDED UPTO SEPTEMBER 2020

ENTRY 19B

SERVICES BY WAY OF TRANSPORTATION OF GOODS BY A VESSEL FROM CUSTOMS STATION OF CLEARANCE IN INDIA TO A PLACE OUTSIDE INDIA.

THIS EXEMPTION GRANTED ONLY TILL 30TH SEPTEMBER 2018 NOW EXTENDED UPTO 30TH SEPTEMBER 2019. W.E.F. 1-10-2019 THIS EXEMPTION FURTHER EXTENDED UPTO SEPTEMBER 2020

ENTRY 22

SERVICES BY WAY OF GIVING ON HIRE:—

(A) TO A STATE TRANSPORT UNDERTAKING, A MOTOR VEHICLE MEANT TO CARRY MORE THAN TWELVE PASSENGERS; OR

(B) TO A GOODS TRANSPORT AGENCY, A MEANS OF TRANSPORTATION OF GOODS. W.E.F. 25.1.2018,

(C) MOTOR VEHICLE FOR TRANSPORT OF STUDENTS, FACULTY AND STAFF, TO A PERSON PROVIDING SERVICES OF TRANSPORTATION OF STUDENTS, FACULTY AND STAFF TO AN EDUCATIONAL INSTITUTION PROVIDING SERVICES BY WAY OF PRESCHOOL EDUCATION AND EDUCATION UPTO HIGHER SECONDARY SCHOOL OR EQUIVALENT.

ENTRY 23

SERVICE BY WAY OF ACCESS TO A ROAD OR A BRIDGE ON PAYMENT OF TOLL CHARGES.

ENTRY 23A

SERVICE BY WAY OF ACCESS TO A ROAD OR A BRIDGE ON PAYMENT OF ANNUITY IS ALSO EXEMPT FROM GST (NOTIFICATION NO. 32/2017-CENTRAL TAX (RATE), DATED 13.10.2107)

ENTRY 24B

SERVICES PROVIDED BY WAY OF STORAGE OR WAREHOUSING OF CEREALS, PULSES, FRUITS, NUTS AND VEGETABLES, SPICES, COPRA, SUGARCANE, JAGGERY, RAW VEGETABLE FIBRES, JUTE ETC. INDIGO, UNMANUFACTURED TOBACCO, BETEL LEAVES, TENDU LEAVES, COFFEE AND TEA EXEMPTED FROM GST.

ENTRY 25

TRANSMISSION OR DISTRIBUTION OF ELECTRICITY BY AN ELECTRICITY TRANSMISSION OR DISTRIBUTION UTILITY.

Services provided by
- The Central Electricity Authority
- A State Electricity Board
- A State Transmission Utility
- A Transmission licensee or distribution licensee under the Electricity Act, are exempted from GST.

Note:
Charges collected by a developer or a housing society for distribution of electricity within a residential complex installation of gensets attract the GST.

ENTRY 42
SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY BY WAY OF ALLOWING A BUSINESS ENTITY TO OPERATE AS A TELECOM SERVICE PROVIDER OR USE RADIO FREQUENCY SPECTRUM DURING THE PERIOD PRIOR TO THE 1ST APRIL, 2016, ON PAYMENT OF LICENCE FEE OR SPECTRUM USER CHARGES, AS THE CASE MAY BE

ENTRY 44
SERVICES PROVIDED BY AN INCUBATEE UPTO A TOTAL TURNOVER OF `50 LAKH IN A FINANCIAL YEAR SUBJECT TO THE FOLLOWING CONDITIONS, NAMELY:—

(A) THE TOTAL TURNOVER HAD NOT EXCEEDED FIFTY LAKH RUPEES DURING THE PRECEDING FINANCIAL YEAR; AND

(B) A PERIOD OF THREE YEARS HAS NOT ELAPSED FROM THE DATE OF ENTERING INTO AN AGREEMENT AS AN INCUBATEE.

"INCUBATEE" means an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognized by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or the STEP to enable himself to develop and produce hi-tech and innovative products.

ENTRY 48
TAXABLE SERVICES, PROVIDED OR TO BE PROVIDED, BY A TECHNOLOGY BUSINESS INCUBATOR OR A SCIENCE AND TECHNOLOGY ENTREPRENEURSHIP PARK RECOGNISED BY THE NATIONAL SCIENCE AND TECHNOLOGY ENTREPRENEURSHIP DEVELOPMENT BOARD OF THE DEPARTMENT OF SCIENCE AND TECHNOLOGY, GOVERNMENT OF INDIA OR BIOINCUBATORS RECOGNISED BY THE BIOTECHNOLOGY INDUSTRY RESEARCH ASSISTANCE COUNCIL, UNDER THE DEPARTMENT OF BIOTECHNOLOGY, GOVERNMENT OF INDIA.

A "business incubator" is a company that helps new and startup companies to develop by providing services such as management training or office space or equipment's or some time monitory assistance and capital. Taxable services, provided or to be provided, by

• a Technology Business Incubator or

• a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or

• bio incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India. are exempted from GST.

ENTRY 49
SERVICES BY WAY OF COLLECTING OR PROVIDING NEWS BY AN INDEPENDENT JOURNALIST, PRESS TRUST OF INDIA OR UNITED NEWS OF INDIA.

ENTRY 50
SERVICES OF PUBLIC LIBRARIES BY WAY OF LENDING OF BOOKS, PUBLICATIONS OR ANY OTHER KNOWLEDGE-ENHANCING CONTENT OR MATERIAL.

ENTRY 52
SERVICES BY AN ORGANISER TO ANY PERSON IN RESPECT OF A BUSINESS EXHIBITION HELD OUTSIDE INDIA

ENTRY 56
SERVICES BY WAY OF SLAUGHTERING OF ANIMALS

ENTRY 57
SERVICES BY WAY OF PRE-CONDITIONING, PRECOOLING, RIPENING, WAXING, RETAIL PACKING, LABELLING OF FRUITS AND VEGETABLES WHICH DO NOT CHANGE OR ALTER THE ESSENTIAL CHARACTERISTICS OF THE SAID FRUITS OR VEGETABLES.

ENTRY 58
SERVICES PROVIDED BY THE NATIONAL CENTRE FOR COLD CHAIN DEVELOPMENT UNDER THE MINISTRY OF AGRICULTURE, COOPERATION AND FARMER'S WELFARE BY WAY OF COLD CHAIN KNOWLEDGE DISSEMINATION.

ENTRY 59
SERVICES BY A FOREIGN DIPLOMATIC MISSION LOCATED IN INDIA

ENTRY 64
SERVICES PROVIDED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY BY WAY OF

ASSIGNMENT OF RIGHT TO USE ANY NATURAL RESOURCE WHERE SUCH RIGHT TO USE WAS ASSIGNED BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY OR LOCAL AUTHORITY BEFORE THE 1ST APRIL 2016:

PROVIDED THAT THE EXEMPTION SHALL APPLY ONLY TO TAX PAYABLE ON ONE TIME CHARGE PAYABLE, IN FULL UPFRONT OR IN INSTALMENTS, FOR ASSIGNMENT OF RIGHT TO USE SUCH NATURAL RESOURCE.

ENTRY 65A

SERVICES BY WAY OF PROVIDING INFORMATION UNDER THE RIGHT TO INFORMATION ACT, 2005 – EXEMPT

~~ENTRY 67~~

~~Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme: — (a) two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management; (b) fellow programme in Management; (c) five year integrated programme in Management. Entry No. 67 Omitted w.e.f. 1-1-2019 (vide CBIC Circular No. 82/01/2019- GST, dated 1-1-2019):~~

~~1-7-2017 to 30-1-2018~~	**~~IIM's exempted from Entry No. 67 of Notification No. 12/2017 C.T.~~**	**~~IIMs were not covered by the definition of educational institutions as given in notification No. 12/2017 Central Tax (Rate), dated 28.06.2017. Thus, they were not entitled to exemption under Sl. No. 66 of the said notification~~**
~~31-1-2018 to 31-122018~~	**~~Two exemptions, i.e. under Sl. No. 66 and under Sl. No. 67 of notification No. 12/ 2017- Central Tax (Rate), dated 28.06.2017 are available to the IIMs.~~**	**~~As per Hon'ble Supreme Court of India, if there are more exemption notifications available to an assessee, the assessee can claim the one that is more beneficial to him~~**

~~It is further, clarified that with effect from 31st January 2018, all IIMs have become eligible for exemption benefit under Sl. No. 66 of notification No. 12/ 2017- Central Tax (Rate) dated 28.06.2017. As such, specific exemption granted to IIMs vide Sl. No. 67 has become redundant. The same has been deleted vide notification No. 28/2018- Central Tax (Rate) dated, 31st December 2018 w.e.f. 1st January 2019.~~

~~**Indian Institutes of Managements also provide various short duration/ short term programs for which they award participation certificate to the executives/ professionals as they are considered as "participants" of the said programmes. These participation certificates are not any qualification recognized by law. Such participants are also not considered as students of Indian Institutes of Management. Services provided by IIMs as an educational institution to such participants is not exempt from GST.**~~

ENTRY 68

SERVICES PROVIDED TO A RECOGNISED SPORTS BODY BY—

(A) AN INDIVIDUAL AS A PLAYER, REFEREE, UMPIRE, COACH OR TEAM MANAGER FOR PARTICIPATION IN A SPORTING EVENT ORGANISED BY A RECOGNIZED SPORTS BODY;

(B) ANOTHER RECOGNISED SPORTS BODY.

Recognised sports body means,

(i) The Indian Olympic Association

(ii) Sports Authority of India.

(iii) A national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliated federations.

(iv) National sports promotion organizations recognised by the Ministry of Sports and Youth Affairs of the Central Government.

(v) The International Olympic Association or a federation recognised by the International Olympic Association

(vi) A federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India.

ENTRY 72

SERVICES PROVIDED TO THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY ADMINISTRATION UNDER ANY TRAINING PROGRAMME FOR WHICH TOTAL EXPENDITURE IS BORNE BY THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY ADMINISTRATION.

ENTRY 74A

NOTIFICATION NO. 28/2018-CT (R), DATED 31ST DECEMBER 2018: SERVICES PROVIDED BY REHABILITATION PROFESSIONALS RECOGNIZED UNDER

THE REHABILITATION COUNCIL OF INDIA ACT, 1992 (34 OF 1992) BY WAY OF REHABILITATION, THERAPY OR COUNSELLING AND SUCH OTHER ACTIVITY AS COVERED BY THE SAID ACT AT MEDICAL ESTABLISHMENTS, EDUCATIONAL INSTITUTIONS, REHABILITATION CENTERS ESTABLISHED BY CENTRAL GOVERNMENT, STATE GOVERNMENT OR UNION TERRITORY OR AN ENTITY REGISTERED UNDER SECTION 12AA OF THE INCOME TAX ACT, 1961 (43 OF 1961).

Circular No. 32/06/2018-GST, dated 12th February 2018:

(1) Services provided by senior doctors/consultants/technicians hired by the hospitals, whether employees or not, are healthcare services which are exempt.

(2) Healthcare services have been defined to mean any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India [para 2(zg) of notification No. 12/2017-CT(Rate)].

(3) Therefore, hospitals also provide healthcare services. The entire amount charged by them from the patients including the retention money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt.

(4) Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients not admitted) or their attendants or visitors are taxable.

Authorised Medical Practioners (i.e. Doctors) are liable to pay GST?

In general Doctors are exempted from GST.

However, they are liable to pay GST in the following cases:

(a) Supplied services in case of care but not cure (like hair transplant or cosmetic or plastic surgery and so on).
(b) In case of RCM (where recipient is liable to pay GST).
(c) Supplied exempted as well as taxable supply of goods or services or both aggregate value exceeds ₹20 lakhs (in case of special category States `10 lakhs).

Hence, Doctors are liable to pay GST on taxable supply.

ENTRY 75

SERVICES PROVIDED BY OPERATORS OF THE COMMON BIO-MEDICAL WASTE TREATMENT FACILITY TO A CLINICAL ESTABLISHMENT BY WAY OF TREATMENT OR DISPOSAL OF BIO-MEDICAL WASTE OR THE PROCESSES INCIDENTAL THERETO.

ENTRY 76

SERVICES BY WAY OF PUBLIC CONVENIENCES SUCH AS PROVISION OF FACILITIES OF BATHROOM, WASHROOMS, LAVATORIES, URINAL OR TOILETS

ENTRY 82

SERVICES BY WAY OF RIGHT TO ADMISSION TO THE EVENTS ORGANISED UNDER FIFA U-17 WORLD CUP 2017 HAVE BEEN EXEMPTED FROM CGST [NOTIFICATION NO. 25/2017 CT (R) DATED 21.09.2017].

ENTRY 82A

SERVICES BY WAY RIGHT TO ADMISSION TO THE EVENTS ORGANISED UNDER FIFA U-17 WOMEN'S WORLD CUP 2020 EXEMPTED FROM GST.

EXEMPTED SERVICES UNDER IGST.

ENTRY 1

SERVICES RECEIVED FROM A PROVIDER OF SERVICE LOCATED IN A NON-TAXABLE TERRITORY BY – (A) THE CENTRAL GOVERNMENT, STATE GOVERNMENT, UNION TERRITORY, A LOCAL AUTHORITY, A GOVERNMENTAL AUTHORITY OR AN INDIVIDUAL IN RELATION TO ANY PURPOSE OTHER THAN COMMERCE, INDUSTRY OR ANY OTHER BUSINESS OR PROFESSION; (B) AN ENTITY REGISTERED UNDER SECTION 12AA OF THE INCOME-TAX ACT, 1961 (43 OF 1961) FOR THE PURPOSES OF PROVIDING CHARITABLE ACTIVITIES; OR (C) A PERSON LOCATED IN A NON-TAXABLE TERRITORY: PROVIDED THAT THE EXEMPTION SHALL NOT APPLY TO – (I) ONLINE INFORMATION AND DATABASE ACCESS OR RETRIEVAL SERVICES RECEIVED BY PERSONS SPECIFIED IN ENTRY (A) OR ENTRY (B); OR (II) SERVICES BY WAY OF TRANSPORTATION OF GOODS BY A VESSEL FROM A PLACE OUTSIDE INDIA UP TO THE CUSTOMS STATION OF CLEARANCE IN INDIA RECEIVED BY PERSONS SPECIFIED IN THE ENTRY. IT MEANS ITEM NO. (I) AND (II) ARE TAXABLE.

ENTRY 2

SERVICES RECEIVED BY THE RESERVE BANK OF INDIA, FROM OUTSIDE INDIA IN RELATION TO MANAGEMENT OF FOREIGN EXCHANGE RESERVES.

ENTRY 3

SERVICES PROVIDED BY A TOUR OPERATOR TO A FOREIGN TOURIST IN RELATION TO A TOUR CONDUCTED WHOLLY OUTSIDE INDIA.

ENTRY 4

W.E.F. 1-10-2019, NOTIFICATION NO. 20/2019- (IT RATE) DATED SEPTEMBER 30, 2019: SO AS TO EXEMPT "SERVICES PROVIDED BY AN INTERMEDIARY WHEN LOCATION OF BOTH SUPPLIER AND RECIPIENT OF GOODS IS OUTSIDE THE TAXABLE TERRITORY".

OTHER EXEMPTIONS

SERVICES IMPORTED BY UNIT/DEVELOPER IN SEZ EXEMPT FROM IGST.

All services imported by a unit/developer in the Special Economic Zone (SEZ) for authorized operations are exempted from the whole of the integrated tax leviable thereon under sec 3(7) of Customs Tariff Act, 1975 read with section 5 of the IGST Act, 2017 [As per Notification No. 18/2017 -Integrated Tax (Rate) date 5th July 2017].

PRACTICAL PROBLEMS

QUESTION 1. *Services by Charitable Institutions* : MTCT, an entity registered under section 12AA of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its GST liability from the information given below:

Particulars	
Fees charged for yoga camp conducted by the trust	6,00,000
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	10,50,000
Amount received for renting of commercial property owned by the trust	35,00,000
Payment made for the services received from a service provider located in England, for the purposes of providing 'charitable activities'	10,00,000
Amount received for activities relating to preservation of forests and wildlife	12,35,000
Donation received from Mr. Daanveer for construction of orphanage in memory of his father. "Donated by Mr. Daanveer the memory of his father" was written on the main door of the orphanage constructed with the said donation.	30,00,000
Receipts of old age home meant for residents of 60 years or more *[Consideration per month per member is ?5,000 (inclusive of boarding lodging and maintenance)]*	10,00,000

Note: GST have been charged separately wherever applicable. Rate of GST is 18%.

Solution: Computation of GST liability of MTCT *(amount in `)* –

Fees charged for yoga camp conducted by the trust [WN-1]	Nil
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children [WN-1]	Nil
Amount received for activities relating to preservation of forests and wildlife [WN-1]	Nil
Receipts of old age home meant for residents of 60 years or more ***[Consideration per month per member is ?5,000 (inclusive of boarding lodging and maintenance)]*** [WN-4]	Nil
Donation received from Mr. Daanveer for construction of orphanage in memory of his father [WN-5]	Nil
Amount received for renting of commercial property owned by the trust [WN-3]	35,00,000
Value of Taxable supply	**35,00,000**
GST payable @ 18% [A]	**6,30,000**
Services to be taxed on reverse charge basis :	
Payment made for the services received from a service provider located in England for the purposes of providing 'charitable activities' **[B]** [WN-2]	Nil
GST liability [(A) + (B)]	**6,30,000**

QUESTION 2.*Renting of precincts of a religious place* : VHP, an entity registered as religious trust u/s 12AA *of* the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its value of taxable supply from the information given below:

(1) Particulars	6,00,000
Renting of room where charges are`500 per day	
(2) Renting of room where charges are`1,500 per day	9,00,000
(3) Renting of community halls where charges are`25,000 per day	10,00,000
(4) Renting of kalyanmandapam where charges are`5,000 per day	7,50,000
(5) Renting of shops for business where charges are *1*15,000 per month	7,50,000
(6) Renting of shops for business where charges are`5,000 per month	5,50,000

Solution: Computation of GST liability of VHP *(amount in`)* –

(1) Renting of room where charges are`500 per day	Nil
(2) Renting of room where charges are`1,500 per day	9,00,000
(3) Renting of community halls where charges are`25,000 per day	10,00,000
(4) Renting of kalyanmandapam where charges are`5,000 per day	Nil
(5) Renting of shops for business where charges are`15,000 per month	7,50,000
(6) Renting of shops for business where charges are`5,000 per month	Nil
Value of Taxable supply	**26,50,000**

QUESTION 3.*Agricultural related service:* "Agro Care Limited" registered under GST furnishes the following details with respect to the activities undertaken by them in the month of March, 2020 :

	Particulars	?
1.	Receipts from Supply of farm labour	85,000
2.	Charges for seed testing	65,000
3.	Charges for soil testing of farm land	35,000
4.	Charges for warehousing of potato chips	85,000
5.	Commission received on sale of wheat	75,000
6.	Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research	10,000
7.	Renting of vacant land to a stud farm	1,85,000
8.	Leasing of vacant land to a cattle farm	83,500
9.	Charges for warehousing of rice	1,50,000
10.	Charges for warehousing of cotton fabrics	2,00,000
11.	Retail packing and labelling of fruits and vegetables	5,00,000
12.	Charges for warehousing of minor forest produce	8,00,000

13.	Charges for warehousing of spices	2,20,000

Compute the value of taxable supply of 'Agro Care Limited' for the month of March, 2020 if all the above amounts are exclusive of GST.

Solution: Computation of Value of taxable supply *(amount in f> —*

1.	Receipts from Supply of farm labour *[Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
2.	Charges for seed testing *[Exempt vide Entry No. 54 of Exemption Notf. No. 12/2017-CT (Rate)]*	Nil
3.	Charges for soil testing of farm land *[Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
4.	Charges for warehousing of potato chips *[Potato chips is not an agricultural produce, hence warehousing of the same shall be taxable]*	85,000
5.	Commission received on sale of wheat *[Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
6.	Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research *[Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
7.	Renting of vacant land to a stud farm *[The same will be liable for GST as rearing of horses has been specifically excluded from Exemption]*	1,85,000
8.	Leasing of vacant land to a cattle farm *[Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
9.	Charges for warehousing of rice *[Exempt vide Entry No. 24 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
10.	Charges for warehousing of cotton fabrics *[Liable to GST]*	2,00,000
11.	Retail packing and labelling of fruits and vegetables *[Exempt vide Entry No. 57 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
12.	Charges for warehousing of minor forest produce *[Exempt vide Entry No. 24A of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
13.	Charges for warehousing of spices *[Exempt vide Entry No. 24B of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
	Value of Taxable Supply	**4,70,000**

QUESTION 4.*Educational Services:* Fortune Ltd. (a registered taxable person) provides the following information relating to their services for the month of November, 2019 :

Particulars	`
Gross receipts from -	
(1) Running a Boarding School *(including receipts for providing residential dwelling services* f*12,00,000)*	28,00,000
(2) Conducting private tuition's	16,00,000
(3) Education services for obtaining a qualification recognised by law of a foreign country	8,00,000

(4)	Conducting modular employable skill course, approved by National Council of vocational training	10,00,000
(5)	Fees from prospective employers for campus interview	6,00,000
(6)	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 - 18%.

Solution: Computation of Value of taxable supply and GST liability *(amount in `)* —

Running a boarding school *[including residential dwelling services]*	[WN-1]	Nil
Conducting private tuition	[WN-2]	16,00,000
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 NCVT	[WN-4]	Nil
Fees from prospective employers for campus interview *[Not covered in exemption]*	[WN-5]	6,00,000
Value of renting of furnished flats for temporary stay to different persons		6,80,000
Value of taxable supply		**36,80,000**
GST payable @ 18%		**6,62,400**

QUESTION 5. *Educational services provided by IIM:* Indian Institute of management furnishes you the following information of its receipts for the month ending April 2020.

Particulars ?

Gross receipts from -

(1) Students pursuing 2 year full time Post Graduate Programmes in Management 2,50,00,000

(2) Students pursuing fellow programme in management 50,00,000

(3) Participants pursuing short duration (3 months) executive development programme. 25,00,000 Participation certificates are awarded to participants after completion of programme.

You are required to compute value of taxable supply and GST liability if applicable rate of GST is 18%.

Solution: Computation of Value of taxable supply and GST liability *(amount in `)* —

Receipts from students pursuing 2 year full time Post Graduate Programmes in Management *[Exempt vide vide Entry 66 of Notification No. 12/2017-CT (Rate).]*	Nil
Receipts from students pursuing fellow programme in management. *[Exempt vide vide Entry 66 of Notification No. 12/2017-CT (Rate).]*	Nil
Receipts from participants pursuing short duration (3 months) executive development programme.	25,00,000
Value of taxable supply	**25,00,000**

GST payable @ 18%	**4,50,000**

QUESTION 6. *Services provided to an educational institution :* XYZ Ltd. is engaged in providing various services to educational institutions and furnishes you with the following information for the month of April 2019. You are required to determine the value of taxable supply and GST payable thereon if all charges are exclusive of GST. The rate of GST is 18%.

(1) Renting of immovable property to higher secondary school: `12,00,000
(2) Renting of immovable property to Commercial coaching centre : `2,00,000
(3) Transportation services provided to students of higher secondary school: `5,00,000
(4) Outdoor catering services provided to educational institutions running approved vocational courses: `5,00,000
(5) Security Services provided to pre-nursery school: `1,25,000
(6) House keeping and cleaning services in college providing recognised graduation degree : `5,12,500
(7) Conduct of examination of ICAI: `10,00,000
(8) Placement services provided to ICSI: `12,00,000
(9) Development of course content of ICMA institute : `2,00,000
(10) Training of Staff of Higher Secondary School: `1,50,000
(11) Receipts by way subscription of online educational journals/periodicals : `7,50,000 (T *5,00,000 is from educational institutions who provide degree recognized by any law and balance* f2,50,000 *from Higher Secondary school).*

Solution: Computation of the Value of taxable supply and GST payable *(amount in `)* —

(1)	Renting of immovable property to higher secondary school *[Liable for GST]*	12,00,000
(2)	Renting of immovable property to Commercial coaching centre *[Liable for GST]*	2,00,000
(3)	Transportation services provided to students of higher secondary school *[Exempt vide Entry 66 of Notification No. 12/2017-CT (Rate)]*	Exempt
(4)	Outdoor catering services provided to educational institutions running approved vocational courses *[Not covered under Entry 66 of Notification No. 12/2017-CT (Rate), hence liable to GST]*	5,00,000
(5)	Security Services provided to pre-nursery school *[Exempt vide Entry 66 of Notification No. 12/2017-CT (Rate)]*	Exempt
(6)	House keeping and cleaning services in college providing recognised graduation degree *[Not covered under Entry 66 of Notification No. 12/2017-CT (Rate), hence liable to GST)]*	5,12,500
(7)	Conduct of examination of ICAI *[Covered under Entry 66 of Notification No. 12/2017-CT (Rate), hence exempt from GST]*	Exempt
(8)	Placement services provided to ICSI *[Liable for GST]*	12,00,000
(9)	Development of course content of ICMA institute *[Liable for GST]*	2,00,000
(10)	Training of Staff of Higher Secondary School *[Not covered under Entry 66 of Notification No. 12/2017-CT (Rate), hence liable to GST]*	1,50,000
(11)	Receipts by way subscription of online educational	2,50,000

	journals/periodicals from educational institutions who provide degree recognized by any law is exempt under Entry 66 of Notification No. 12/2017-CT (Rate). However amount received from higher Secondary school is liable to GST.	
	Value of taxable supply	**42,12,500**
	GST payable @ 18%	**7,58,250**

QUESTION 7.*Health care services:* Well-Being Nursing Home has received the following amounts in the month of November in lieu of various services rendered by it in the same month. You are required to determine its GST liability for November from the details furnished below :

Particulars ` in lakhs

(1) Palliative care for terminally ill patients at patient's home *(Palliative care is given to* 30 *improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease)*

(2) Services provided by cord blood bank unit of the nursing home by way of 24 preservation of stem cells

(3) Hair transplant services 100

(4) Ambulance services to transport critically ill patients from various locations to 12 nursing home

(5) Naturopathy treatments. Such treatment is a recognized system of medicine in terms 80
of Section 2(h) of the Clinical Establishments Act, 2010

(6) Plastic surgery to restore anatomy of a child affected due to an accident 30

(7) Pranic healing treatments. Such treatment is not a recognized system of medicine in 120
terms of Section 2(h) of the Clinical Establishments Act, 2010

(8) Mortuary services 10

Note: All the amounts given above are exclusive of GST. Rate of GST - 18%.
Solution: Computation of Value of taxable supply and GST liability (T*in lakhs)* —

(1)	Palliative care for terminally ill patients at patient's home	[WN-l(a)]	-
(2)	Services provided by cord blood bank by way of preservation of stem cells	[WN-2]	
(3)	Hair transplant services	[WN-l(b)j	100.00
(4)	Ambulance services to transport critically ill patients from various locations to nursing home	[WN-l(c)]	-
(5)	Naturopathy treatments	[WN-l(d)]	-
(6)	Plastic surgery to restore anatomy of a child affected due	[WN-l(e)]	-

	to an accident		
(7)	Pranic healing treatments	[WN-l(f)]	120.00
(8)	Mortuary services	[WN-3]	-
	Value of Taxable Supply		**220.00**
	GST payable @ 18%		**39.60**

QUESTION 8. *Government Services:* Lakhanpur Post Office provided the following services to persons other than Government during the month of March 2020, all charges are exclusive of GST:

	Services rendered	
(1)	Basic mail services	1,00,000
(2)	Transfer of money through money orders	5,00,000
(3)	Operation of saving accounts	1,50,000
(4)	Rural postal life insurance services	2,00,000
(5)	Distribution of mutual funds, bonds and passport applications	5,00,000
(6)	Issuance of postal orders	3,00,000
(7)	Collection of telephone and electricity bills	1,00,000
(8)	Pension payment services	50,000
(9)	Speed post services	5,00,000
(10)	Express parcel post services	2,00,000

Compute the value of taxable supply.

Solution: Computation of Value of taxable supply *(amount in $:*

(1)	Basic mail services *[Exempt since covered in Entry 6 of Exemption Notif. No. 12/2017-CT (Rate)]*	Nil
(2)	Transfer of money through money orders *[Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
(3)	Operation of saving accounts *[Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
(4)	Rural postal life insurance services *(Liable to GST)*	2,00,000
(5)	Distribution of mutual funds, bonds and passport applications *(Liable to GST)*	5,00,000
(6)	Issuance of postal orders *[Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
(7)	Collection of telephone and electricity bills *(Liable to GST)*	1,00,000
(8)	Pension payment services *[Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-CT (Rate)]*	Nil
(9)	Speed post services *(Liable to GST)*	5,00,000
(10)	Express parcel post services *(Liable to GST)*	2,00,000
	Value of taxable supply	**15,00,000**

QUESTION 9. *Computation of GST payable on transfer of development rights :* A promoter entered into agreement with land owner for transfer of development rights on 15-5-2020. As per the agreement, promoter was allowed to develop a real estate project on the land. The promoter had agreed to give apartments consisting of 40% of the carpet area to land owner as consideration for granting development rights to promoter. The real estate project was of 100 apartments of same size. Out of these 100 apartments, 40 apartments were to be given by promoter to land owner. It was agreed that promoter will make all the bookings and sales, even of apartments given to land owner. The project was registered under RERA and construction commenced in August 2020.

The promoter started booking of apartments in September 2020. The rate offered was`90 lakhs per apartment and first two apartments were booked at that rate.

The construction was completed on 20-11-2021. Five apartments were sold in October, 2021 for`120 lakhs each.

Calculate value of transfer of development rights on which the promoter is liable to pay GST under reverse charge (without considering the exemption available in respect of residential apartments booked prior to 20-11-2021) and the GST payable.

Also calculate value of apartments remaining un-booked on 20-11-2021 if 30 apartments remained unbooked on the date of completion cerificate.

Solution: The development rights were transferred in May, 2020. The booking rate at that time was`90 lakhs. Hence, value of supply of service is`60 lakhs (two-third of T 90 lakhs). Since 40 apartments were to be given to land owner, the total value of transfer of development rights - 40 x`60 lakhs =`2,400 lakhs.

GST payable of transfer of development rights = 18% of`2,400 lakhs =`432 lakhs.

The value of un-booked apartments is to be considered on basis of value of similar apartments booked nearest to date of completion. The apartments were booked by promoter for Rs 120 lakhs in October 2021. Hence, value of the apartment nearest to date of completion is T 80 lakhs (two-third of`120 lakhs).

Since 30 residential apartments remained un-booked on date of completion certificate, the value of unbooked apartments =`80 lakhs $^{x}$ 30 =`2,400 lakhs.

QUESTION 10. *Transportation of passengers :* M/s. PQR Ltd. is engaged in providing service of transportation of passengers by following modes in the month of November, 2019 :

(1) Service of transportation of passengers by vessels in National Waterways :`30,00,000;

(2) Service of transportation of passenger by Air conditioned Stage carriage :`25,00,000;

(3) Service of transportation of passenger by non air conditioned Stage carriage :`25,00,000;

(4) Service of transportation of passengers by contract carriage for tourism :`20,00,000;

(5) Service of transportation of passenger for Mumbai to Chennai port in a vessel and such service is not for tourism purpose :`10,00,000;

(6) Service of transportation of passenger in Metered Cab :`35,00,000;
(7) Service of transportation of passengers in Radio Taxis : *T* 10,00,000;
(8) Service of transportation of passengers in Non air-conditioned contract carriages :`10,00,000;
(9) Service of transportation of passengers in air-conditioned contract carriages :`15,00,000.
Compute the value of taxable supply if all charges are exclusive of GST.

Solution: Computation of Value of taxable supply *(amount in `)* —

(1)	Transportation of passengers by National Waterways *[Since National Waterways are covered in definition of inland Waterways - Exempt from GST vide Entry 17 of Notification No. 12/2017- CT (Rate)]*	Nil
(2)	Transportation of passenger by Air conditioned Stage Carriage *(Liable to GST)*	25,00,000
(3)	Transportation of passenger by non air conditioned Stage carriage *[Exempt from GST vide Entry 15 of Notification No. 12/2017-CT (Rate)]*	Nil
(4)	Transportation of passengers by contract carriage for tourism *(Liable to GST)*	20,00,000
(5)	Transportation of passenger from Mumbai to Chennai port in a vessel *[Being a public transport in a vessel sailing in India and not for tourism - Exempt from GST vide Entry 17 of Notification No. 12/2017-CT (Rate)]*	Nil
(6)	Transportation of passenger in Metered Cab *[Exempt from GST vide Entry 17 of Notification No. 12/2017-CT (Rate)]*	Nil
(7)	Service of transportation of passengers in Radio Taxis *(Liable to GST)*	10,00,000
(8)	Service of transportation of passengers in non air-conditioned contract carriages *[Exempt from GST vide Entry 15 of Notification No. 12/2017-CT (Rate)]*	Nil
(9)	Service of transportation of passengers in air-conditioned contract carriages *(Liable to GST)*	15,00,000
	Value of Taxable Supply	**70,00,000**

QUESTION 11. *Transport of goods by rail :* Compute Value of taxable supply and GST Liability for transport of goods by rail by Indian railway within India (all sums exclusive of all taxes) (the information relates to the month of November, 2019)-
(1) Transport of postal mails and postal bags :`55 lakhs
(2) Transport of household effects :`50 lakhs
(3) Transport of petroleum products :`25 lakhs
(4) Transport of relief materials to flood affected areas :`25 lakhs
(5) Transport of newspapers and magazines registered with registrar of newspapers :`15 lakhs
(6) Transport of milk :`15 lakhs
(7) Transport of tea :`10 lakhs
(8) Transport of sugar :`25 lakhs
(9) Transport of alcoholic beverages :`7 lakhs

(10) Transport of defence and military equipments : `40 lakhs
(11) Transport of organic manure : `90 lakhs
(12) Transport of baled cotton : `25 lakhs
(13) Transport of other goods : `5000 lakhs
Applicable GST rate - 5%.

Solution: Computation of Value of taxable supply *(?in lakhs)* —

(1)	Transport of postal mails and postal bags *[Liable to GST]*	55
(2)	Transport of household effects *[Liable to GST]*	50
(3)	Transport of petroleum products *[Liable to GST]*	25
(4)	Transport of relief materials to flood affected areas *[Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)]*	Nil
(5)	Transport of newspapers and magazines registered with registrar of newspapers *[Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)]*	Nil
(6)	Transport of milk *[Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)]*	Nil
(7)	Transport of tea *[Liable to GST]*	10
(8)	Transport of sugar *[Liable to GST]*	25
(9)	Transport of alcoholic beverages *[Liable to GST]*	7
(10)	Transport of defence and military equipments *[Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)]*	Nil
(11)	Transport of organic manure *[Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)]*	Nil
(12)	Transport of baled cotton *[Liable to GST]*	25
(13)	Transport of other goods - `5000 lakh *[Liable to GST]*	5,000
	Total Value of taxable supply	5,197
	GST payable @ 5%	260

QUESTION 12. *GTA Services:* Calculate the value of taxable supply of XYZ Transport Company engaged in the business of transport of goods by road for the month of April 2020. Give reasons for taxability or exemption of each item. Suitable assumptions may be made wherever required. XYZ transport company avails ITC. GST is leviable @ 12% :

(1) Total freight charges received by 'XYZ[1] transport company	
(2) Freight charges received for transporting fruits	
(3) Freight collected for transporting small consignment for persons who paid less than `750 for each consignment	13,50,000 1.25,000
(4) Freight collected for transporting goods in small vehicles for persons who paid less than `1,500/- per trip	75,000 1.50,000

Solution: Computation of Value of taxable supply and GST leviable thereon *(amount in `)* —

Total freight received	13,50,000
Less: Freight charges received for transporting fruits being agricultural	1.25,000

produce *[Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]* *Less:* Freight collected less than`750 for each consignment *(Exempt, since the freight charged to a single consignee does not exceed ?750) [Exempt vide Entry 21 ofNotif. No. 12/2017-CT (Rate)]* *Less:* Freight collected for transporting goods in small vehicles for persons who paid less than`1,500 per trip *(Exempt, since the freight on all consignments transported into a goods carriage doesn't exceed`1,500) [Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]*	75,000 1.50,000
Total value of taxable supply	**10,00,000**
GST payable @ 12%	**1,20,000**

QUESTION 13. *GTA Services:* Calculate the value of taxable supply of XYZ Transport Company engaged in the business of transport of goods by road for the month of April 2020. Give reasons for taxability or exemption of each item. Suitable assumptions may be made wherever required. XYZ transport company avails ITC. GST is leviable @ 12% : (`)

avails ITC. GST is leviable @ 12% :	(`)
(1) Total freight charges received by 'XYZ' transport company	25,00,000
(2) Freight charges received from Government department registered only for the purpose of	
tax deduction at source	2,00,000
(3) Freight charges received from unregistered persons for transportation of their household	
goods	50,000
(4) Freight collected for transporting goods in small vehicles for persons who paid less than	
`1,500/- per trip	1,50,000

Solution :Computation of Value of taxable supply and GST leviable thereon *(amount in`)* —

Total freight received	25,00,000
Less: Freight charges received from Government department registered only for the purpose of	
tax deduction at source *[Exempt vide Entry 21B of Notification No. 12/2017-CT (Rate)]*	2,00,000
Less: Freight charges received from unregistered persons for transportation of their household	
goods *[Exempt vide Entry 21A of Notification No. 12/2017-CT (Rate)]*	50,000
Less: Freight collected for transporting goods in small vehicles for persons who paid less than`1,500 per trip *(Exempt, since the freight on all consignments transported into a goods carriage doesn't exceed f 1,500) [Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]*	1,50,000
Total value of taxable supply	**21,00,000**
GST payable @ 12%	**2,52,000**

QUESTION 14. *Taxability under GST* :With reference to the CGST Act, 2017, discuss the taxability of following activities relating to a bank:
(a) Bank extended housing loan of `50 lakhs to Mr. A.
(b) Bank received `50,000 as loan processing fee from Mr. A.
(c) Bank received `6 lakhs as interest on loan from Mr. A.

Solution: In accordance with the provisions of CGST Act, 2017 the taxability of activities is -
(a) The same is transaction in money, therefore not regarded as service as per Sec. 2(102) of CGST Act, 2017.
(b) The loan processing fees received by bank will be liable for GST @ 18%. Hence, GST liability = `50,000 x 18% = `9,000.
(c) ?6 lakhs received as interest on loan will not be liable for GST as the same is exempt *vide* Entry 27 of Notification No. 12/2017-CT (Rate).

QUESTION 15. *Computation of Value of taxable supply* : M/s. Apna Bank Limited a Scheduled Commercial Bank has furnished the following details for the month of August, 2019 :

Particulars	**` in crores (Excluding GST)**
Extended Housing Loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	25
Minimum balance charges collected from current account and saving account holder	1

Compute the Value of Taxable supply. Give reasons with suitable assumptions.

Solution :Computation of value of taxable supply (?*in crores):*

Extended Housing Loan to its customers *[It is transaction in money and does not come under the ambit of service]*	Nil
Processing fees collected from its customers on sanction of loan *[Since it represents taxable consideration, the same will be liable to GST]*	20
Commission collected from its customers on bank guarantee *[Since it represents taxable consideration, the same will be liable to GST]*	30
Interest income on credit card issued by the bank *[Liable to GST since credit card interest is specifically excluded from exemption provided in respect of interest vide Entry 27 of Notification No. 12/2017-CT (Rate)]*	40
Interest received on housing loan extended by the bank *[Interest on loan will not be liable for GST*	Nil

as the same is exempt vide Entry 27 of Notification No. 12/2017-CT (Rate)] Minimum balance charges collected from current account and saving account holder *[Since it represents taxable consideration, the same will be liable to GST]*	1
Total value of taxable supply	**91**

QUESTION 16. *Legal Services:* Mr. Abhishek, an advocate, has rendered the following services in the month of October, 2019 :
(i) Representing Mr. Archit in his divorce case before High Court.
(ii) Representing Mr. Aniket, an architect by profession, in relation to his GST liability [Turnover of Mr. Aniket in the financial year 2018-19 was `25 lakh]
(iii) Legal consultancy given to Sunil Associates, a partnership firm of advocates [Turnover of services of Sunil Associates in the financial year 2018-19 was `28 lakh]

Examine whether GST is payable on each of the above services assuming Mr. Abhishek to be—
(a) an advocate other than a senior advocate.
(b) a senior advocate in terms of Section 16 of the Advocates Act, 1961?

Solution: In background of Entry 45 of Notification No. 12/2017-CT (Rate) dated 28-06-2017, GST liability of
each of the services rendered by Abhishek, are examined hereunder —

S. No.	When Mr. Abhishek is an advocate other than senior advocate	When Mr. Abhishek is a senior advocate
(i)	Service of representing Mr. Archit in his divorce case will be exempt as Mr. Archit is not a business entity.	Such service will be exempt even if the same are rendered by a senior advocate.
(ii)	Since the turnover of Mr. Aniket, a business entity, is more than such amount in the preceding financial year as makes it liable for registration under the CGST Act, 2017 *[i.e.* `20 lakh], the same will be liable to GST.	Such services, when provided by senior advocate, will also be liable to GST.
(iii)	Legal consultancy provided by an advocate to partnership firm of advocates is exempt from GST.	Such services, when provided by a senior advocate, will be liable to GST if the turnover of the partnership firm (business entity) in the preceding financial year is more than such amount as makes it liable for registration under the CGST Act, 2017. Thus, legal consultancy provided by Mr. Abhishek to Sunil Associates, a partnership firm of advocates, will be liable to GST.

QUESTION 17. *Educational services* : Educators Ltd., providing educational services, furnishes you with the following information for the various services provided by it. It has collected an aggregate sum of `25 lakhs during the month ended 30-09-2019 as under –

(1) Receipts of 'Gyan sagar[1] an industrial training institute (ITI) affiliated to the National Council for Vocational Training (NCVT): `1.2 lakhs
(2) Receipts of 'Edu care[1] a vocational education provider affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC): `1.8 lakhs
(3) Receipts of 'Abhigyan Skill Centre' an industrial training centre (ITC) affiliated to the State Council for Vocational Training, Rajasthan : `2 lakhs
(4) Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council of Vocational Training : `1 lakhs
(5) Receipts of 'Scinart' a Commercial coaching institute providing commercial coaching in the field of arts and science : `0.8 lakhs (no certificate was issued on completion of the training)
(6) Receipts of 'Commerce concepts' a Commercial coaching institute providing coaching in the field of commerce : `1.2 lakhs (a certificate was awarded to each trainee after completion of the training)
(7) Receipts of Gurukul school providing education upto higher secondary : `6 lakhs
(8) Receipts of 'Play Kids' school providing education upto primary level : `11 lakhs (such receipts includes receipts from renting of premises to commercial coaching centre : `3 lakhs)
Compute the value of taxable supply and GST payable thereon. All the amounts are exclusive of GST. Rate of GST-18%.

Solution: Computation of Value of taxable supply and GST liability *(amount in `)* —

Total Receipts	25,00,000
*Less:*Receipts of 'Gyan sagar' an industrial training institute (ITI) affiliated to the National Council for Vocational Training (NCVT), are not liable to GST, since the same are exempt *vide* Entry 66 of Notification No. 12/2017-CT (Rate).	-1,20,000
*Less:*Receipts of 'Edu-care' a vocational education provider affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC) are exempt *vide* Entry 69 of Notification No. 12/2017-CT (Rate).	-1,80,000
*Less:*Receipts of 'Abhigyan Skill Centre' an industrial training centre (ITC) affiliated to the State Council for Vocational Training, Rajasthan, not liable to GST, since the same are exempt *vide* Entry 66 of Notification No. 12/2017-CT (Rate).	-2,00,000
*Less:*Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council of Vocational Training - Not liable to GST, since the same is exempt *vide* Entry 66 of Notification No. 12/2017-CT (Rate).	-1,00,000
*Less:*Receipts of 'Scinart[1] a Commercial coaching institute providing	Taxable

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

QUESTION 18. *Art related Services:* Mr. Navab, a performing artist, provides the following information relating to December, 2019. Receipts from:

Particulars	`
(1) Performing classical dance	98,000
(2) Performing in television serial	2,80,000
(3) Services as brand ambassador	12,00,000
(4) Coaching in recreational activities relating to arts	2,10,000
(5) Activities in sculpture making	3,10,000
(6) Performing western dance	90,000

Determine the value of taxable supply and GST payable by Mr. Navab for December, 2019. GST @ 18% has been charged separately, wherever applicable.

Solution :Computation of Value of taxable supply and GST liability *(amount in `)* —

Classical dance performance [WN-1] Performance in television serial *[Taxable since not covered in folk or classical art forms]*	Nil 2,80,000
Services as brand ambassador [WN-1] Coaching in recreational activities relating to arts [WN-2] Sculpture making activities *[Taxable as it is an activity in still art form]*	12,00,000 Nil 3,10,000
Western dance performance *[Taxable since not covered in folk or classical art forms]*	90,000
Value of taxable supply	**18,80,000**
GST payable @ 18%	**3,38,400**

QUESTION 19. *Services provided by Resident Welfare Association:* The Resident Welfare Association (RWA) of Blue Heaven Housing Society in Delhi provides the following information with respect to the various amounts received by it in the month of November, 2019.

Particulars	
(1) Monthly subscription collected from member families (f *10,000 each from*	10,00,

100 families)	000
(2) Electricity charges levied by State Electricity Board on the members of RWA *[The same was collected from members and remitted to the Board on behalf of members.]*	3,50,000
(3) Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area. *[Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally among 100 families and then, remitted the same to the Board.]*	4,32,400
(4) Proceeds from sale of entry tickets to a musical performance conducted by the RWA in the park of Blue Heaven Housing Society *[Where the consideration for admission is not more than`500 per person.]*	40,000
(5) Other Services to non-members	2,92,000

Compute the value of taxable supply and GST liability of RWA of Blue Heaven Housing Society for the month of November, 2019. It does not avail threshold exemption.

Notes: ***(i)*** All the above amounts are exclusive of GST *(it)* Wherever applicable, the time of supply falls in the month of November, 2019. *(ii)* Rate of GST - 18%.

Solution: Computation of Value of taxable supply and GST liability *(amount in X)* —

Monthly subscription charges [WN 1]	10,00,000
Amount collected towards electricity charges levied by State Electricity Board on the members of RWA [WN 2]	4,32,400
Amount collected towards electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area [WN 3]	2,92,000
Proceeds from sale of entry tickets to musical performance held in the park of the Housing Society [WN 4]	
Other Services to non members *[Liable for GST]*	
Value of taxable supply exclusive of GST GST payable @ 18%	17,24,400
	3,10,392

QUESTION 20. *Renting of Immovable property :* M/s. PQR Properties registered under GST as taxable person is engaged in the business of renting various immovable properties owned by it. During the month ending 31-03-2020, it collected a rent of`5,00,000. The said sum includes rent from :

(1) Vacant land used for agriculture :`50,000;
(2) Land used for Appu Circus :`80,000;
(3) Houses let to individuals for residential purposes :`70,000;
(4) Building let to M/s. Elegant Hotel:`60,000;
(5) Vacant land, given on lease to M/ s. ABC Ltd. for construction of building at a later stage to be used for furtherance of business or commerce :`40,000;
(6) Premises let to a temple trust:`40,000;
(7) Premises let to a coaching centre :`80,000;
(8) Building let to a theatre :`80,000.

Compute the amount of GST payable by the firm, assuming that the rent is exclusive of GST, if any, applicable in each case. Rate of GST -18%. Make suitable assumptions.

Solution: Computation of GST payable *(amount in `)* —

Total Rent	5,00,000
Less:	
(1) Rent from vacant land used for agriculture *[Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (R)]*	50,000
(2) Rent from land used for Appu Circus *[Liable to GST]*	Taxable
(3) Properties let for residential purposes *[Exempt vide Entry No. 12 of Exemption Notification No. 12/2017-CT (R)]*	70,000
(4) Building let to hotel *[Liable to GST]*	Taxable
(5) Vacant land, given on lease to M/s. ABC Ltd. for construction of building at a later stage to be used for furtherance of business or commerce *[Liable to GST]*	Taxable
(6) Premises let to a religious body being temple trust *[Liable to GST]*	Taxable
(7) Premises let to a coaching centre *[Liable to GST]*	Taxable
(8) Building let to a threatre *[Liable to GST]*	Taxable
Total Taxable Value of Supply	**3,80,000**
GST payable @ 18%	**68,400**

QUESTION 21. *Access to a road or a bridge on payment of toll charges :* Compute taxable value of supply and GST from following sums received by M/s. Road Maintenance Ltd. (exclusive of GST) - Toll Receipts from Highway of Jaipur to Chomu:`8,000 lakhs;
Commission earned on toll receipts :`75 lakh.
The rate of GST is 18%.

Solution: Toll receipts are exempt vide Entry 23 of Notification No. 12/2017-CT (Rate) from GST. However, commission thereon is liable to GST.
Taxable value of supply =`75 lakh; GST @ 18% =`1350000.

QUESTION 22. *Sports related services:*Mr. X a famous cricketer furnishes you with the following information of the various receipts for the month ended 30-09-2019. You are required to determine his GST liability if all the amounts are exclusive of GST.
(1) Receipts from Sports Authority of India for participation in recognised sport:`50 lakh;
(2) Receipts from franchisee of Indian Premier league (not a recognised sports body):`75 lakh;
(3) Receipts from acting as brand ambassador for corporate client:`22 lakh;
(4) Receipts of sports training academy to coach young players :`15 lakh.
Rate of GST-18%.

Solution: Computation of Value of taxable supply and GST liability *(amount in f>*
—

(1)	Receipts from sports authority of India for participation in recognised sports *[Exempt vide Entry No. 68 of Exemption Notification No. 12/2017-CT (Rate)]*	Exempt
(2)	Receipts from franchisee of Indian Premier league (not a recognised sports body) *[Liable for GST]*	75,00,000
(3)	Receipts from acting as brand ambassador for corporate client *[Liable for GST]*	22,00,000
(4)	Receipts of sports training academy to coach young players *[Liable for GST since sports training by charitable entities registered under Section 12AA of the Income-tax Act is exempt vide Entry No. 80 of Exemption Notification No. 12/2017-CT (Rate)]*	15,00,000
	Value of Taxable Supply	**1,12,00,000**
	GST payable @ 18%	**20,16,000**

QUESTION 23. *Exemptions :* HLL Pvt. Ltd. manufactures cosmetic products with the brand name 'Forever Young'. HLL Pvt. Ltd. has organized a concert to promote its brand. Ms. Aalia Sharma, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth`1,00,000 will be donated to a charitable organization. Whether Ms. Aalia Sharma will be required to pay any GST?

Ans: Services by an artist by way of a performance in folk or classical art forms of *(i)* music, or *(ii)* dance, or *(iii)* theatre are exempt from GST, if the consideration charged for such performance is not more than`1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador.
Since Ms. Aalia Sharma is the brand ambassador of 'Forever Young' soap manufactured by HLL Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by HLL Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST. The fact that the proceeds of the concert will be donated to a charitable organization will not have any bearing on the eligibility or otherwise to the above-mentioned exemption.

QUESTION 24. *Exemptions :* Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons :

Particulars	Gross amount charged (`)
Fees charged for yoga camp conducted by a charitable trust	2,25,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,25,000
Amount charged by cord blood bank for preservation of stem cells	4,50,000

Amount charged for service provided by commentator to a recognized sports body	4,25,000

Solution: Determination of taxable value of supply *(amount in `)* –

Fees charged for yoga camp conducted by a charitable trust [WN-1] Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [WN-2] Amount charged by cord blood bank for preservation of stem cells [WN-3] Amount charged for service provided by commentator to a recognized sports body fWN-4]	Nil Nil Nil 4,25,000
Value of taxable supply	**4,25,000**

QUESTION 25. *Exemptions:* Discuss whether GST is payable in respect of transportation services provided by Vaibhav Goods Transport Agency in each of the following independent cases :

Customer	Nature of services provided	Amount charged (`)
A	Transportation of milk	55,000
B	Transportation of books on a consignment transported in a single goods carriage	3,000
C	Transportation of furniture for a single consignee in the goods carriage	600

Solution: Determination of GST liability –

Customer	Nature of services provided	Amount charged (`)	Taxability
A	Transportation of milk	55,000	Exempt [Transportation of milk by goods transport agency is exempt.]
B	Transportation of books on a consignment transported in a single goods carriage	3,000	GST is payable [Exemption is available for transportation of goods only where the consideration for transportation of goods on a consignment transported in a single goods carriage does not exceed`1,500.]
c	Transportation of furniture for a single consignee in the goods carriage	600	Exempt [Transportation of goods where consideration for transportation of all goods for a single consignee does not exceed`750 is exempt.]

QUESTION 26. *Services provided by Government*: With reference to the provisions of CGST Act, 2017, examine whether GST is leviable in the following situations :

(1) Government of Rajasthan has provided services to ABC Ltd. of Rajasthan in the month of November, 2019 for a consideration of `50,000. The turnover of ABC Ltd. in Financial Year 2018-19 was `18,00,000.

(2) Government of Rajasthan has provided services to XYZ Ltd. in the month of November, 2019 for a consideration of `5,000. The turnover of XYZ Ltd. in Financial Year 2018-19 was `28,00,000.

(3) Jaipur Municipal corporation has awarded a contract for construction of road to PQR Ltd. failed to perform the contract and paid liquidated damages amounting `50,00,000 in accordance with the terms of contract.

(4) XYZ Ltd. has applied for registration under Companies Act, 2013 to Registrar of companies Rajasthan and has paid registration fees of `13,85,510.

(5) Delhi Government has charged `50,00,000 from Agro Care Ltd. for allocation of natural resources for agricultural purposes in the month of November, 2019.

(6) XYZ Ltd. has paid to Customs department `50,000 on account Merchant Overtime charges for deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo.

(7) XYZ Ltd. has made an upfront payment of `80,00,000 to Bihar Government on account of assignment of right to use minerals in the State of Bihar.

Solution:

(1) Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017 are exempt *vide* Entry 7 of Notification No. 12/2017-CT(Rate). Since the aggregate turnover of ABC Ltd. in preceding financial year does not exceed `20 lakhs, it is exempt from obtaining registration. Hence, no GST shall be levied on services provided by Government of Rajasthan to ABC Ltd.

(2) Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed `5,000 are exempt, *vide* Entry 9 of Notification No. 12/2017- CT (Rate). Hence, on said services no GST shall be levied.

(3) Services provided by the Central Government, State Government, Union territory or 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 Central Government, State Government, Union territory or local authority under such contract are exempt *vide* Entry 62 of Notification No. 12/2017-CT (Rate). Hence, no GST shall be payable on liquidated damages of `50,00,000 paid by PQR Ltd. to Jaipur municipal corporation.

(4) Services provided by the Central Government, State Government, Union territory or local authority by way of registration required under any law for the

time being in force *vide* Entry 47 of Notification No. 12/2017- CT (Rate). Hence, no GST shall be levied on fees paid for incorporation by XYZ Ltd.

(5) Services by way of allocation of natural resources to an individual farmer for the purposes of agriculture have been exempted *vide* Entry 63 of Notification No. 12/2017-CT (Rate). Such allocations/ auctions to categories of persons other than individual farmers would be leviable to GST. Hence, Agro Care Ltd. will be liable to pay GST on`50,00,000 under reverse charge basis.

(6) Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges are exempt from GST *vide* Entry 65 of Notification No. 12/2017-CT (Rate). Hence, on such charges no GST shall be levied.

(7) XYZ Ltd. will be liable to pay GST on assignment of rights to use minerals in the State of Bihar.

QUESTION 27. *Exemption:* State with reasons whether the following are liable to Goods and Services Tax :
(1) Services by way of training or coaching in recreational activities relating to arts or culture.
(2) Services provided by a player to a franchisee which is not a recognized sports body.
(3) Pre-school education and education up to higher secondary school or equivalent.
(4) Services by a veterinary clinic in relation to health care of animals or birds.
(5) Services by way of public conveniences such as provision of facilities of washrooms.

Ans: The taxability is discussed as under -

(1) Exempt: Services by way of training or coaching in recreational activities relating to arts or culture are not liable to GST as it is specifically exempt *vide* Entry 80 of Notification No. 12/2017-CT (Rate).

(2) Taxable : Service of a player to a franchisee which is not a recognized sports body is taxable as it does not get covered under Entry 68 of Notification No. 12/2017-CT (Rate).

(3) Exempt : Pre-school education and education up to higher secondary school or equivalent is not liable to GST as it is specifically exempt under Entry 66 of Notification No. 12/2017-CT (Rate).

(4) Exempt: Services by a veterinary clinic in relation to health care of animals or birds is not liable to GST as it is specifically exempt *vide* Entry 46 of Notification No. 12/2017-CT (Rate).

(5) Exempt: Services by way of public conveniences such as provision of facilities of washrooms are not liable to GST as it is specifically exempt *vide* Entry 76 of Notification No. 12/2017-CT (Rate).

QUESTION 28. *Exemption*:Examine whether GST is exempted on the following independent supply of services :

(a) Teja & Co., a tour operator, provides services to a foreign tourist for tour conducted to Jammu Kashmir and receives a sum of`3,00,000.

(b) Ms. Poorva acts as a Team Manager for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Multi brand retail company and received a remuneration of`2,00,000.

***Ans: (a)* Liable to GST:** Yes, Tejas and Co. will be liable to pay GST. Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India are exempt *vide* Entry 54 of Notification No. 9/2017-IT (Rate)]. In this case tour is conducted in Jammu and Kashmir and the IGST Act applies to whole of India including Jammu and Kashmir, hence exemption will not operate.

***(b)* Liable to GST:** Services provided to a recognised sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body are exempt *vide* Entry 68 of Notification No. 12/2017-CT (Rate)]. Since multi brand retail company is not a recognized sports body hence exemption will not be available. Thus, the said services will be liable to GST.

QUESTION 29. Mr. Param (register person under GST) being a dealer furnished the following business transactions took place during the Oct 2017. Find the GST liability.

(a) Sale of plastic bangles for Rs. 20,000.
(b) Supply of mobile phones for Rs. 3,20,120
(c) Sale of printed books and newspapers for Rs. 1,25,500
(d) Sale of Dates for Rs. 13,500
(e) Sale of Salt for Rs. 9,180
(f) Sale of Organic manure worth Rs. 2,00,000
(g) Sale of Chemical Fertilizers Rs. 5,75,000 (out of which 30% subsidy received from Government of India).

Note: Taxable supply attracts GST @5% (CGST 2.5% and SGST 2.5%).

Answer:

Statement showing tax liability of Mr. Param

S. No.	Particulars	Taxability	CGST 2.5%	SGST 2.5%
(a)	Plastic bangles	Exempted	Nil	Nil
(b)	Mobile phone	3,20,120	8,003	8,003
(c)	Books	Exempted	Nil	Nil
(d)	Dates	Exempted	Nil	Nil
(e)	Salt	Exempted	Nil	Nil

(f)	Organic manure	Exempted	Nil	Nil
(g)	Che. Fertilizers 70%	4,02,500	10,063	10,063
	Total		**18,066**	**18,066**

QUESTION 30. Services of a NGO registered under sec. 12AA of the Income Tax Act, 1961 working for the rehabilitation of disabled. The aggregate value of taxable supply is Rs. 20 Lakh. Find the taxability for the given service?

Answer:
It is taxable suply. GST will be levied.
Since, exemption has been given to public health by way of -mental disability, but not rehabilitation of disabled.

QUESTION 31. Ananda Trust, an entity registered under section 12AA of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its tax liability from the information given below:

Particulars	
Amount received for the Yoga camps organized for elderly people	4,83,000
Payment made for the services received from a service provider located in US, for the purposes of providing 'charitable activities'	5,50,000
Amount received for counseling of mentally disabled persons	10,50,000
Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	12,35,000

Note: Applicable CGST 9% and SGST 9% have been charged separately wherever applicable. Ananda Trust is not eligible for composition levy.

Answer:

Particulars	
Amount received for the Yoga camps organized for elderly people	Exempted supply
Payment made for the services received from a service provider located in US, for the purposes of providing 'charitable activities'	Exempted supply
Amount received for counseling of mentally disabled persons	Exempted supply
Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	Exempted supply
CGST 9% x 1,50,000	13,500
SGST 9% x 1,50,000	13,500
Total GST liability	27,000

QUESTION 32. M/s Z & Co., is a partnership firm registered under GST Law. The partners decided to convert the partnership into

a limited liability partnership (LLP). The LLP takes over M/s Z & Co., assets and liabilities and continues to operate the same business. Is it taxable supply?

Answer:
It is not taxable supply. Since, transfer of business as a going concern to another person, then it will not be supply (as per schedule II of CGST Act, 2017).
Note: If taxable person de-registered, he will be liable to pay GST.

QUESTION 33. A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B Ltd. of Mumbai with a total consideration of Rs. 12 lakhs with terms and conditions as stated that:
(a) It is pure service (excluding works contract service or other composite supplies involving supply of any goods) and
(b) The entire work should be completed within 30 days.
The said work has been completed as per terms and conditions. Applicable rate of GST 18%

Find the following:
(a) Is it taxable supply?
(b) Rework if the contract is in the nature of works contract where material is involved in the value of contract. Is it taxable supply? If so who is liable to pay GST.
Note: previous turnover of M/s B Ltd . was Rs. 22 crores

Answer:
(a) Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the local authority exempt from GST.
Therefore, in the given case M/s B Ltd. supplied exempted service.
(b) M/s B Ltd. supplied works contract service which includes material and hence it is taxable supply. M/s B Ltd is liable to pay GST.
CGST 9% = Rs. 1,08,000
SGST 9% = Rs. 1,08,000

QUESTION 34. Validate the following statement:
Charges recovered by the Government for regulation of land use like conversion of agriculture to non-agriculture will be exempt from payment of GST.

Answer:
The given statement is valid:
Covered under entry 4 of exemption Notification No. 12/2017 Dt 28.06.2017 Central Tax (Rate).

QUESTION 35. Validate the following statement:
Charges recovered by the Government of India from local authority for construction of building like granting approval of the plant is exempt from GST.

Answer:
The given statement is valid:

Covered under entry 4 of exemption Notification No. 12/2017 Dt 28.06.2017 Central Tax (Rate).

QUESTION 36. Validate the following statement:
Grant received by the State Government from Central Government for implementing National Bio-gas and Manure Management Programme operating under Ministry of New and Renewable Energy is taxable supply of service.

Answer:
The given statement is invalid:
State Government is bound to implement the centrally sponsored scheme on receipt of grant. Consequently,
State Governments are implementing agency and not service provider.
Therefore, there is no supply.
GST does not arise in the given case.

QUESTION 37. A contract awarded by Chennai Corporation for repair of a particular road to M/s B Ltd. with a total consideration of `12 lakhs (pure service). Applicable rate of GST 18% Find the following: (a) Is it taxable supply? (b) Rework if the contract is in the nature of works contract where material of `4 lakhs is involved in the value of contract. Is its taxable supply? If so, who is liable to pay GST.

Answer: (a) Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the local authority exempt from GST. Therefore, in the given case M/s B Ltd. supplied exempted service. (b) M/s B Ltd. supplied works contract service which includes material and hence it is taxable supply. M/s B Ltd is liable to pay GST. CGST 9% = `1,08,000 SGST 9% = `1,08,000 Note: (i) w.e.f. 25.1.2018, Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply is exempt from GST under entry no. 3A of the NT No. 12/2017 as amended from time to time. (ii) In the given case value of material @33% as a result does not qualify for exemption.

QUESTION 38. Guideline Academy Pvt. Ltd. provided following services in the previous year:
1. Manpower supply services to Higher Secondary School for Rs. 12,00,000.
2. House keeping services to Kidzee (i.e. Pre-school education) for Rs. 9,00,000.
In the current year Guideline Academy Pvt. Ltd. received advertisement services for Rs. 75,000 from Indian Railways. Find the following:
(a) Who is liable to pay GST?
(b) Total tax liability if any?
(c) Rework, if the previous total turnover Rs. 11,10,000 then find the GST liability in the current year?
Note: Applicable rate of GST 18%

Answer:
P.Y. turnover (Rs. 12 lakhs + Rs. 9 lakhs) = 21,00,000

(a) Since, aggregate turnover of the previous year exceeds Rs. 20 lakh, in the current year recipient of service is liable to pay GST under RCM.
(b) GST 18% on Rs. 75,000 = 13,500 Re-work
(c) GST liability is nil, since P.Y. turnover not exceeds Rs. 20 lakhs (vide Entry No. 7 Notification No. 12/2017- Central Tax (Rate) Dt 28-06-2017).

QUESTION 39. State Police provided protection services to the Judges of High Court in the month of July 2017. The police protection is provided on payment of Rs. 2,00,000. Is GST payable?

Answer:
It is exempted service. Since, covered under entry no. 8 (vide Notification No. 12/2017 dated 28.6.2017 Central Tax (Rate), it is exempted from GST.

QUESTION 40. The Chief Secretary to Finance Minister travelled from Delhi to Chennai by rail in an air conditioned coach on official trip. Cost of ticket is f 1,200. Is it exempt from GSTRs. Applicable rate of GST 5%.

Answer:
It is taxable supply of service. It is covered under entry 6(c) of Notification No. 12/2017 date 28.06.2017 Central Tax (Rate), GST will be levied under forward charge.

QUESTION 41. Passport is issued by the Office of the External Affairs Ministry under Passport Act, 1967 to individual. The fee of Rs. 6,500 paid by business entity in which such individual person is working. Will this activity attract GST?

Answer:
The exemption from payment of GST would be available both cases, where fee is paid by individual or by the business entity. The said activity is exempted from GST under entry no. 61 of the Notification No.12/2017 date 28.06.2017 Central Tax (Rate).

QUESTION 42. Taj Pvt. Ltd., received the following services from the Government of India during the taxable period:
1. Application fee paid towards processing of application for issuance of advance authorization Rs. 12,000.
2. Security services provided by Government security agency for a period of four months for a total consideration of Rs. 6,000:
a. Jan 2018 - Part payment Rs. 500
b. Feb 2018 - Part payment Rs. 2,000
c. Mar 2018 - Part payment Rs. 2,000
d. April 2018 - Final payment Rs. 1,500.
3. Customs authorities have charged Merchant Over Time (MOT) fee for Rs. 1,000 at the time of special warehousing of goods.
Find the total GST payable by Taj Pvt. Ltd. if any?
Note: Previous Turnover of Taj Pvt. Ltd. Rs. 21 lakhs.
Note: Applicable rate of GST 18%

Answer:
Statement showing GST liability of Taj Pvt. Ltd.

S. No.	Particulars	Value in Rs.	Remarks
1	Application fee paid towards processing of application for issuance of advance authorization	12,000	Taxable supply of service. Since, amount exceeds Rs. 5,000.
2	Security services provided by Government security agency. F.Y 2017-18 Rs. 4,500 F.Y. 2018-19Rs. 1,500 The exemption shall apply only where the consideration charged for such service does not exceed Rs. 5,000 in a financial year.	Nil	Exempted supply of service under entry no. 9.
3	Merchant Overtime charges	Nil	Exempted supply of service under Entry No. 65.
	Total subject to tax under reverse charge	12,000	
	Total GST liability	2,160	12,000 x 18%

QUESTION 43. M/s X Ltd. paid penalty under section 49 of the CGST Act, 2017 Rs. 20,00,000 to the Government Department in the month of Oct 2017. Is it taxable supply under the GST law?

Answer:
It is not a supply of service. The fine or penalty chargeable by Government or local authority imposed for violation of statute, bye-laws, rules or regulations are not leviable to GST. Such fines or penalty are not recovered for tolerating non-performance of a contract.

QUESTION 44. 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:
(a) who is liable to pay GST and on what amount?
(b) Total GST liability if any.
Note: Previous year turnover of M/s B Ltd. was Rs. 88 lakh.

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

QUESTION 45. For registration of a company whose nominal share capital does not exceeds Rs. 1,00,000, paid registration fee of Rs. 5,000.
Whether your answer will be different if registration fee is Rs. 6,000?
Is it taxable supply. Attract GST?

Answer:
Exempted from GST vide Entry No. 47, Notification No. 12/2017- Central Tax (Rate) Dt 28-06-2017.
Our answer is not differ even if the registration fee is f 6,000 under the entry no. 47.

QUESTION 46. Domicile Certificate for certifying the number of years during which the person has stayed in State, has been obtained from District Collector's Office, by paying fee of f 5,500. Is it taxable supply?

Answer:
This activity falls under entry no. 47 Notification No. 12/2017- Central Tax (Rate) Dt 28-06-2017.
Therefore, the given activity is exempted from GST.

QUESTION 47. X Ltd. covered under the Factories Act, 1948. Inspector of Factories certified the factory is safe for the workers to carry their work and charged Government fee of Rs. 10,000.
X Ltd. owned one more factory at another place, which is not covered under Factories Act, 1948. However, X Ltd. obtained safety certificate for the factory from the Inspector of Factories by paying Rs. 15,000 voluntarily.
Is it taxable supply? Attract GSTRs. If so who is liable to pay GST.
Applicable rate of GST 18%.

Answer:
X Ltd. being recipient of service from the Inspector of Factories is not liable to pay GST. Since, certification relating to safety of workers required under the Factories Act, 1948 covered under entry 47.
Another factory which is not covered under the Factories Act, 1948 for which fee paid by X Ltd. voluntarily is liable to pay GST under reverse charge mechanism.
CGST 9% on Rs. 15,000 = Rs. 1,350
SGST 9% on Rs. 15,000 = Rs. 1,350

QUESTION 48. The Inspector of the Metrology Department verified the calibration of weighing scale as well as the weight and collected charges of Rs. 7,500 from the shop owner under the The Legal Metrology Act, 2009. Is it taxable supply?

Answer:

This activity is exempt from GST under entry no. 47 Notification No. 12/2017-Central Tax (Rate) Dt 28-06-2017.

QUESTION 49. The Department of Agriculture, Co-operation and Farmers Welfare, provided Soil Conservation Service, Animal Husbandry, Dairying and Fisheries to a farmer by charging fee of f 20,000 in relation to assignment of natural resources. Is it taxable supply?

Answer:
This activity is specifically exempted from GST under entry no. 63 Notification No. 12/2017- Central Tax (Rate) Dt 28-06-2017._

QUESTION 50. A Ltd., becomes the successful bidder. The spectrum is assigned to A Ltd., for a total consideration of Rs. 1000 crores in the month of June 2015.
Government permitted to pay as one time charge payable, in full upfront or in installments as the case may be. A Ltd., chooses to make in installments over a period of 5 years. Is installment due fallen on or after 1st July 2017 leviable to GST? Whether your answer is different if periodic payment required to be made by the assignee.

Answer:
The exemption under entry no. 42 [Notification No. 12/2017- Central Tax (Rate) Dt 28-06-2017] shall apply only to one time charge, payable in full upfront or in installments, for assignment of right to use any natural resource. Hence, A Ltd., is not liable to pay GST.
The exemption shall not applicable to any periodic payment required to be made by the assignee.
GST is payable on periodic payments due after 1.7.2017 in respect of spectrum assigned before 1.4.2016. GST is liable to pay by A Ltd. (RCM applicable)

QUESTION 51. Hemanta Builders is constructing a two-floor residential house. Is it taxable supply?

Answer:
Yes, the given activity is a taxable supply and GST will be levied.

QUESTION 52. Shyam contractors undertaken to construct new single shop for M/s X & Co. Is it taxable supply?

Answer:
Yes, the given activity is a taxable supply and GST will be levied.

QUESTION 53. Mr. A owns a residential building in a prime commercial locality. Basement of the building is leased to Mr. B, a wholesaler. One-fourth of the basement is used by Mr. B as his office and remaining portion is used as a godown for storing his merchandise. Ground floor of the building is given on rent to Mr. C who uses the same as a guest house for his business contacts. First floor of the building is occupied by Mr. A. and his family. Second floor is given on rent to

Mr. D who uses the same as his residence. There is a large vacant land in the backyard of the building which is also given on rent to a parking contractor, Mr. E who has set up a parking facility on the said land. Separate rent/lease deeds have been executed in respect of each floor of the building and vacant land given on rent/lease. Examine the GST liability of Mr. A with respect to the residential building owned by him.

Answer : Renting of immovable property (whether residential or commercial) is supply of service as per Serial No. 5(a) of Schedule II. However, services by way of renting of residential dwelling for use as residence are covered under exempted supply of services and are thus not liable to GST. Since, Mr. A has let out different floors of his residential building to different tenants and separate rent/lease deeds have been executed in respect of each floor of such building and vacant land given on rent/lease, principle of composite or mixed supply will not apply. In this backdrop, the taxability of each of the floor of the building and vacant land owned by Mr. A is discussed as under:

(i) Basement: Leasing out of the basement of the building to Mr. B would not be covered under exemption list of services as Mr. B uses the basement for commercial purpose. Thus, it would be liable to GST as supply of service.

(ii) Ground floor: Renting of ground floor of the building to Mr. C for being used as a guest house will not be covered under exemption list of services since Mr. C uses it for commercial purpose. Thus, it would be liable to GST as supply of service.

(iii) First floor: Since Mr. A uses the first floor of the building himself, it would not be a supply and thus, would not be liable to tax.

(iv) Second floor: Renting of second floor of the building to Mr. D for being used as a residence would not be chargeable to GST as it is covered in exemption list of supply of services. (v) Vacant land: Though vacant land is also an immovable property, renting thereof to Mr. E, a parking contractor, will not be covered under exemption list of services since Mr. E uses it for commercial purpose. Thus, it would be liable to GST.

QUESTION 54. Kapleswara Charitable Trust registered under Section 12AA of the Income Tax Act, 1961, supplied the following services during the taxable period. Find the taxable supply or exempted supply from the following:
(a) Income from Navratri functions, other religious functions, and religious poojas conducted for Rs. 2,12,345/-
(b) During Ganeshutsav or other religious functions, charitable trusts rent out their space to agencies for advertisement hoardings, income from such advertisement Rs. 4,98,765/-
(c) Donation for religious ceremony is received with specific instructions to advertise the name of a donor for Rs. 1,00,001/-.

Answer:

Particulars	Nature of supplies	Remarks

Income from Navratri functions etc.	Exempted supply	Meant of religious ceremony
Income for renting out space	Taxable supply	Advertisement services
Donation received with reciprocity	Taxable supply	Donation is compensating against consideration

QUESTION 55. Sri Durga Charitable Trust registered under section 12AA of the Income Tax Act and also registered person under GST Law.

Provided the following services in the month of October.
(1) Services by way of training or coaching in recreational activities relating to sports for Rs. 4,00,000/-.
(2) Fee from organizing yoga camps or other fitness camps for Rs. 5,00,500/-
(3) Organizes fitness camps in reiki, aerobics, etc., and receive donation from participants Rs. 2,25,000/-.
(4) Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material for Rs. 20,000
Assume applicable rate of GST for taxable supplies @18%.

Answer:

Particulars	Value in	Remarks
training or coaching in recreational activities relating to sports	Nil	Exempted supply.
Fee from organizing yoga camps or other fitness camps	5,00,500	Since, not covered under advancement of religion, spirituality or yoga, it is taxable supply.
Donation for Organizes fitness camps in reiki, aerobics	2,25,000	Covered under health and fitness services, which is not exempted.
Public libraries	Nil	Exempted supply.
Total	7,25,500	
GST 18%	1,30,590	(7,25,500 x 18%)

QUESTION 56. QUEEN HOTEL LTD. PROVIDER OF ROOMS. Rent charged per day per room is as follows:
Room Rent = 550
Furniture rent = 400
Air-conditioner rent = 150
Refrigerator rent = 50
Less: Discount = (50)
Net amount charged = 1,100

During the month of Oct 20XX, 20 rooms are let out throughout the month, and balance 35 rooms are let out only for 15 days.
Input Tax Credit available `7,500.

The following GST rates are applicable for the hotel industry:
CGST 6% and SGST 6%.

Find the GST liability if any for the month of Oct 20XX.

Answer: working note:

(1) Since, value is `1,100, Hotel Queen Ltd., is liable to pay GST:

Room Rent =550
Furniture rent =400
Air-conditioner rent =150
Refrigerator rent =50
Less: Discount = (50)
Declared Tariff =1,100

(2) Taxable Services
(20 rooms x 31 days x `1,100) = ` 6,82,000
(35 rooms x 15 days x `1,100) = ` 5,77,500

Total taxable services = `12,59,500

GST liability:
Output tax
6% CGST 75,570
6% SGST 75,570

Less:
ITC -CGST: 3,750 SGST: 3,750
Total tax CGST: 71,820 SGST: 71,820

QUESTION 57. Air Bus Ltd, furnishes you the following information for computation of its GST liability for the month of Oct 2017.

(a) Passenger travelling from Mizoram to Chennai - 2000 passengers, gross value per ticket	Rs. 2,500
(b) Passenger travelling from Chennai - USA 500 passengers, USA - Chennai - 200 passengers, gross value per ticket	Rs. 45,000
(c) Passengers travelling from Mumbai - Tripura - Mumbai with single ticket - 1000 passengers gross value per ticket	Rs. 5,000

Air Bus Ltd. charging 40% passenger tax which is not included in the gross value per ticket.
Find the GST liability?
All passengers are travelled in economic class except point (b).

Answer:

Statement Showing GST Liability of Air Bus Ltd. for Oct 2017.

(a) From Mizoram to Chennai	exempted supply
(b) Passenger travelling from Chennai-USA (500 passengers x 45,000)	2,25,00,000
Passenger tax 40%	90,00,000
(c) From Mumbai - Tripura - Mumbai	exempted supply
Value of Taxable Supply of Services	3,15,00,000

CGST 6%	18,90,000
SGST 6%	18,90,000
Total Tax	37,80,000

Note: Compulsory Inclusions: Any taxes, fees, charges levied under any law other than GST law, are required to be added to the price (if not already added) to arrive at the taxable value.
Regional Connectivity Scheme - exempted from GST

QUESTION 58. Compute value of taxable supply of services of Air Speed Airlines located in Chennai for transportation of passengers by air from the following data relating to sums received exclusive of GST -
(1) Passengers embarking at Arunachal Pradesh: Rs.5 lakhs;
(2) Amount for journey terminated at Assam: Rs.4 lakhs;
(3) Amount charged from passenger for flights starting from USA to Chennai: Rs. 250 lakhs;
(4) Amount charged from passengers flying from Chennai to Sydney (Business class): Rs. 540 lakhs (including passenger taxes levied by government and shown separately on ticket: Rs. 100 lakhs). All passengers booked ticket from Delhi Office of Air Speed Airlines.
(5) Passengers embarking from Chennai to Coimbatore (Economic class): Rs. 4 lakhs.
Passengers booked tickets from Chennai office of Air Speed Airlines.
Applicable rate of GST 5% and 12%. Find the GST, CGST & SGST if any.

Answer:

Statement Showing GST Liability of Air Speed Airlines:

(a) embarking at Arunachal Pradesh	exempted supply
(b) where journey terminated at Assam	exempted supply
(c) from USA to Chennai	exempted supply
(d) from Chennai to Sydney (Business class)	4,40,00,000
Passenger tax	1,00,00,000
(e) from Chennai to Coimbatore	4,00,000 (Economic class)
Value of Taxable Supply of Services	5,44,00,000
IGST 12% on Rs. 5,40,00,000	64,80,000
CGST 2.5% on Rs. 4,00,000	10,000
SGST 2.5% on Rs. 4,00,000	10,000
Total Tax	65,00,000

NOTE: Compulsory Inclusions: Any taxes, fees, charges levied under any law other than GST law, are required to be added to the price (if not already added) to arrive at the taxable value.

QUESTION 59. Riya Tours Co. has arranged four package tours during Oct 017. The particulars of the services and charges are as under:
(1) Tour 1: Charges received Rs. 35 lakhs. The package includes transportation, accommodation, food, and tourist guide, entry fees for monuments.
(2) Tour 2: Charges received Rs. 65 lakhs. The package includes transportation and accommodation for stay.

(3) Tour 3: Charges received Rs. 40 lakhs. The charges are solely for arranging accommodation for stay. However, the bills issued to the clients do not mention it clearly that the charges are solely for arranging the accommodation for stay.
(4) Tour 4: Charges received Rs. 50 lakhs (inclusive of charges of stay). The bill issued to the client's mentions it clearly that the charges are solely for arranging the accommodation for stay.
Compute the value of taxable supply of services and GST.
Note: Applicable rates of GST 5% and 18%. All transactions taken place at inter state level.

Answer:

Statement Showing GST of Riya Tours Co. for Oct 2017

Particulars	Value Rs. in lakhs	Value Rs. in lakhs
Tour 1: Packaged Tour	35	
Tour 2: Transportation and Accommodation	65	
Tour 3: Accommodation for stay		40
Tour 4: Accommodation for stay	50	
Taxable supply of services	150	40
GSR Rate	5%	18%
IGST	7.50	7.20
Less: ITC	Not allowed	Allowed
Net GST liability	7.50	7.20

QUESTION 60. M/s. R Ltd. is engaged is providing service of transportation of passengers, he furnished the following information in the month of Oct 2017. Find the GST liability.
(1) Service of transportation of passengers by National Waterways: Rs. 50 lakhs;
(2) Service of transportation of passengers by Stage carriage (non-A/c): Rs. 5 lakhs;
(3) Service of transportation of passengers by contract carriage for tourism: Rs. 120 lakhs (bills inclusive of accommodation and transportation etc. indicated as narration at the bottom of invoice);
(4) Transportation of passenger from Mumbai to Chennai port in a vessel and such service in not for tourism purpose: Rs. 12 lakhs;
Note:
R Ltd. is willing to avail exemption benefits if any. Taxable supplies of Mr. R in the previous year were Rs. 22 lakhs.

Answer:

Statement showing GST liability M/s. R. Ltd.

Nature of service (Transport of passengers)	Rs. in Lakhs
By National Waterways	Exempted supply
By Stage carriage [non-A/c]	Exempted supply
By Contract carriage for tourism	120
(Bill inclusive of accommodation and transportation etc. indicated as narration at the bottom of invoice)	
In a vessel from Mumbai in Chennai and such service in not for tourism	Exempted

	supply
Taxable supply of services	120
GST liability @ 5% on 120 lakhs (Note: Input tax credit not allowed)	6

QUESTION 61. Indian railways has provided following services -
(1) Transport of passengers by general class : Rs. 15,00,000;
(2) Transport of passengers by sleeper class : Rs. 10,00,000;
(3) Transport of passengers by 1st Class air conditioned coach: Rs. 5,00,00,000;
(4) Transport of passengers by 2 tier air conditioned coach: Rs. 20,00,00,000;
(5) Transport of passengers by 3-tier air conditioned coach: Rs. 30,00,00,000;
Compute value of taxable supplies and GST liability. Applicable GST rate is 5%.

Answer:
Statement showing GST liability

Nature of service (Transport of passengers)	Value in Rs.
General class	Exempted supply
Sleeper class	Exempted supply
1st Class air conditioned coach	5,00,00,000
2 tier air conditioned coach	20,00,00,000
3-tier air conditioned coach	30,00,00,000
Taxable supply of service	55,00,00,000
GST @5% on Rs. 55 crore	2,75,00,000

QUESTION 62. Discuss whether GST is leviable in respect of transportation services provided by Jayawati Ram Goods Transport Agency in each of the following independent cases:

Customer	Nature of service provided	Amount charged
A	Transportation of milk	22,00,000
B	Transportation of books on a consignment transported in a single goods carriage	1,30,000
C	Transportation of chairs for a single consignee in the goods carriage	600

Note: Jayawati Goods Transport Agency registered person under GST Law. Opted to pay CGST 6% and SGST @6%.

Answer:
Statement showing GST liability of Jayawati Goods Transport Agency:

Customer	Nature of Service	Taxable supply	Remarks
A	Transportation of milk	Nil	Exempted supply.
B	Transportation of books on a consignment transported in a single goods carriage.	1,30,000	Taxable supply
C	Transportation of chairs for a single consignee in the goods carriage.	Nil	Freight X 600 is exempted from GST

	Total taxable supply	1,30,000	
	CGST 6% on Rs. 1,30,000	7,800	
	SGST 6% on Rs. 1,30,000	7,800	

QUESTION 63. ABC & Co., a goods transportation agency located in Delhi, transports a consignment of new colour TVs from the factory of XYZ Ltd. in Cochin, to the premises of a dealer in Jammu (taxable territory). As per mutually agreed terms between ABC & Co., and XYZ Ltd., the dealer in Jammu is the person liable to pay freight. The amount of freight exclusive of taxes is Rs. 4,50,000. State the person liable to pay GST and amount of tax payable. ABC & Co. not availing input tax credit. Applicable tax rates for GTA is 5% and 12%.

Note:
Consignment note issued by ABC & Co. for transporting goods.

Answer:
Person liable to pay GST is dealer in Jammu (i.e. taxable territory). GST liability is as follows:

Total freight = Rs. 4,50,000
IGST 5% on Rs. 4,50,000 = Rs. 22,500

QUESTION 64. M/s Navatha a 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.
(Both Vijayawada and Guntur are in Andhra Pradesh)
Find the place of supply of service and GST?
Whether your answer is different, if M/s C Ltd. of Chennai is not a registered person under GST?

Answer:
If the recipient is registered person: POS = Chennai (i.e. location of recipient).
M/s C Ltd., is liable to pay IGST. If the recipient is not a registered person:
POS = Vijayawada (i.e. Location at which such goods are handed over for their transportation). M/s C Ltd., of Vijayawada is liable to pay CGST & SGST.

QUESTION 65. A & Co., a goods transportation agency located in Chennai, transports a consignment of new Laptops from the factory of X Ltd. in Cochin, to the premises of X Ltd. Branch office located in Bengaluru. As per mutually agreed terms between A & Co., and X Ltd., the Branch office in Bengaluru is the person liable to pay freight. The amount
of freight exclusive of taxes is X 5,40,000. State the person liable to pay GST and amount of tax payable.
A & Co. availing input tax credit. Applicable tax rates for GTA is 5% and 12%.

Note:
Consignment note issued by A & Co. for transporting goods.

Answer:
Person liable to pay GST is A & Co., (namely GTA).

IGST liability 12% on Rs. 5,40,000 = Rs. 64,800

QUESTION 66. Compute taxable value for transport of goods by rail within India (all sums exclusive of all taxes)
(1) Transport of postal mails and postal bags: Rs. 55 lakhs;
(2) Transportation of household effects: Rs. 50 lakhs
(3) Transport of petroleum products: Rs. 25 lakhs;
(4) Transport of relief materials to flood affected areas: Rs. 25 lakhs;
(5) Transport of newspapers and magazines registered with registrar of newspapers: Rs. 15 lakhs
(6) Transport of milk: Rs. 15 lakhs;
(7) Transport of alcoholic beverages: Rs. 7 lakhs:
(8) Transport of defence and military equipments: Rs. 40 lakhs;
(9) Transport of chemical fertilizers: Rs. 90 lakhs;
(10) Transport of other taxable goods: Rs. 200 lakhs (including Rs. 20 lakhs demurrages).

Answer:

Statement showing GST liability:

Nature of service	Rs. in lakhs
Transport of postal mails and postal bags	55
Transportation of household effects	50
Transport of petroleum products	25
Transport of relief materials to flood affected areas	Exempted supply
Transport of newspapers and magazines registered with registrar of newspapers	Exempted supply
Transport of milk	Exempted supply
Transport of alcoholic beverages	7
Transport of defence and military equipments	Exempted supply
Transport of chemical fertilizers:	90
Transport of other taxable goods (including demurrages of Rs. 20 lakhs)	200
Taxable value of supply	427

QUESTION 67. Validate the following:
Air Speed Airlines transported Fruits (i.e. agricultural produce) from Chennai airport to Meghalaya. Is it exempted supply of service under GST?

Answer:
The given statement is invalid.
Transportation of goods within India by Air, exemption not granted. Hence, GST will be levied.

QUESTION 68. Intertoll India Consultants was undertaken a contract to collect toll on commission basis from Noida Toll Bridge Company (i.e. agency authorised to levy toll). Noida Toll Bridge Company's collection in the month of Oct 2017 is Rs. 2 crore. Commission paid to Intertoll India Consultants @ 5% on the gross receipts.

Find the exempted value of supply and taxable supply.

Answer:
Exempted value of supply = Rs. 2 crore
Taxable value of supply = Rs. 10 lakh
(Rs. 2 crore x 5%)

Note:
The activity of toll collection outsourced to any third party agency who undertakes the work for consideration is a taxable supply and GST will be levied.

QUESTION 69. Find the taxability for the following independent cases:
(a) Packing of pulses in retail packs for Rs. 42,000.
(b) Packing of tomato ketchup for Rs. 54,000
(c) Commission on sale of rice for Rs. 10,125.
(d) Storage of rice flour in the warehouse for Rs. 12,000.

Answer:
(a) Taxable supply of services
(b) Taxable supply of services
(c) Taxable supply of services
(d) Taxable supply of services

QUESTION 70. The Resident Welfare Association (RWA) of Star Heaven Building Housing Society in Delhi provides the following information pertaining to amounts received by it in the month of Oct, 2017.

Particular	(Rs.)
Electricity charges levied by State Electricity Board on the members of RWA (The same was collected from members and remitted to the Board on behalf of members).	3,50,000
Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area. (Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally among 100 families and then, remitted the same to the Board.)	4,00,000
Find the GST liability if any. The applicable rate of GST 18%.	

Note:
The Gross receipts of RWA was Rs. 24,50,000.

Answer:

Statement showing GST liability for the month of Oct 2017

Particular	(Rs.)
Electricity charges levied by State Electricity Board on the members of RWA (i.e. Pure agent reimbursement expenses).	Nil
RWA collected Electricity charges by apportioning them equally among 100 families and then, remitted the same to the Board.	4,00,000
Value of taxable supply of service	4,00,000

CGST 9%	36,000
SGST 9%	36,000

Note: it is assumed that electricity charges are not covered under monthly maintenance. However, monthly maintenance exempted from GST provided per month not exceeds Rs. 5,000 under entry no. 77.

QUESTION 71. Robinson Bank Ltd. furnishes the following information relating to services provided and the gross amount received during the month of December 2017. Compute the value of taxable supply of services and GST payable:

Particulars	Rs. in Lakhs
(i) Amount of commission received for debt collection service	10
(ii) Discount earned on bills discounted	4.5
(iii) Dealing in sale and purchase of forward contract	5.7
(iv) Charges received on credit card and debit card facilities extended	3.8
(v) Penal interest recovered from the customers for the delay in repayment of loan	2.6
(vi) Commission received for service rendered to Government for tax collection	6.0
(vii)Interest earned on reverse repo transaction	25.0

(Show the workings with explanation wherever required). (Rate of GST is 18%)

Answer:

Particulars	Rs. in Lakhs
(i) Amount of commission received for debt collection service	10
(ii) Discount earned on bills discounted	nil
(iii) Dealing in sale and purchase of forward contract	nil
(iv) Charges received on credit card and debit card facilities extended	3.8
(v) Penal interest recovered from the customers for the delay in repayment of loan	2.60
(vi) Commission received for service rendered to Government for tax collection	6.0
(vii) Interest earned on reverse repo transaction	nil
Taxable supply of services	22.40
Total tax GST 18%	4.032

QUESTION 72. MP Bank Ltd., furnishes the following information relating to services provided and the gross amount received:

Particulars	` in Lakhs
Merchant Banking Services	8
Asset Management (including portfolio management)	3
Service charges for services to the Government of India	1.5
Interest on overdraft and cash credits	2
Banker to the issue	5
Locker rent	2

Repayment of financial lease made by the customer to the bank `80 lakhs which includes a principal amount of `50 lakhs. Compute the value of taxable supply of services under "Banking and other financial services" as per the Central Goods and Services Tax Act, 2017 and also find the CGST and SGST where rate of GST is 9% each. Note: Input Tax Credit availed by the bank on the asset which is given on financial lease

Answer:
Statement showing GST liability of MP Bank Ltd

Particulars	` in Lakhs
Merchant banking services	8.00
Asset Management	3.00
Service charges for services to the Government of India	1.50
Interest on overdraft and cash credits	Nil
Banker to the issue	5.00
Locker rent	2.00
Financial lease (supply of service)	80.00
Taxable supply of services	99.50
CGST 9%	8.955
SGST 9%	8.955

QUESTION 73. Kotak Mahindra Pension Fund provided the following services in a financial institution:
(a) Annual Premium of Rs. 6,000 collected from each individual in relation to National Pension Scheme. No. of subscribers 200.
(b) Monthly premium collected Rs. 8,750 towards general insurance to cover risk. No. of subscribers 500. Applicable rate of GST 18%.
Find the GST liability.

Answer:
(a) Annual premium of Rs. 6,000 collected in relation to National Pension Scheme is exempted from GST.
(b) Monthly premium of Rs. 8,750 for 500 subscribers will attract GST @18%. Therefore, GST liability is Rs. 7,87,500 per month.

QUESTION 74. Mr. X being a registered person under GST Law provided the following services in the month of Oct 2017:
(a) Services provided to Gramena Bank located in rural area in the nature of Enrollment of customers and charge Rs. 20,000.
(b) Disbursal of credit facilities to borrowers involving small amounts strictly as per the instructions of the Bank locate in a village and collected Rs. 12,250.
(c) Facilitating the repayment of dues owed to the AB bank (Mylapore Branch, Chennai) by its customers and collected fee Rs. 55,000 from the bank.

(d) Recovery agent services to the LB Bank of India, Mount Road Branch, Chennai, for Rs. 2,20,500. Find the GST liability to be paid by Mr. X. Applicable rate of GST @18%.

Particulars	Value in Rs.
Enrollment of customers in rural area bank	Exempted supply
Disbursal of credit facilities as per bank located in rural area	Exempted supply
Facilitating the repayment of loan to bank in urban area	55,000
Recovery agent services to the LB Bank of India	Reverse charge applicable
Total taxable supply	55,000
CGST 9%	4,950
SGST 9%	4,950

QUESTION 75. Cloud M Power Technologies Pvt. Ltd., is a business incubatee provided following taxable services in the financial year 2017-18 (after July 2017):

Cloud computing services	=	Rs. 25,00,000
Mobile application services	=	Rs. 20,00,000
Social networking and location aware applications	=	Rs. 10,00,000

Note:
(i) Previous year taxable services is Rs. 22,00,000.
(ii) Service provider enter into an agreement with STEP in the year 2016-17.
Find GST liability of Cloud M Power Technologies Pvt. Ltd. for the financial year 2017-18. Assume applicable rate of GST 18%.

Answer:
Statement showing GST liability of Cloud M Power Technologies Pvt. Ltd for the year 2017-18:

Particulars	Taxable Services in	Remarks
Cloud computing services	Nil	Exempted up to Rs. 50 lakh
Mobile application services	Nil	-do-
Social networking and location aware applications	5,00,000	Over and above Rs. 50 Lakh is taxable in the financial year 2017-18
Taxable services	5,00,000	
CGST 9%	45,000	(5,00,000 x 9%)
SGST 9%	45,000	(5,00,000 x 9%)

QUESTION 76. Good and Bad Pvt. Ltd. provided the bio-medical waste treatment facility to a veterinary clinic. Is it a taxable supply of service? If so, will GST be levied?

Answer:
It is taxable supply of service.

Scope of the exemption under entry 75 is restricted to services provided by operators of the common Biomedical Waste Treatment Facility to a clinical establishment and not to veterinary clinic.

QUESTION 77. Technopark Technology Business Incubator, provided the following taxable services in the financial year 201718 (on or after 1-7-2017):
1. Entrepreneurship Awareness Camps to a Business incubatee for Rs. 20 lakhs.
2. Commercial space provided to AB Ltd. a non-incubatee for Rs. 2 lakhs. Find GST liability of Technopark Technology Business Incubator?

Answer:

Statement showing GST liability of Technopark Technology Business Incubator

Particulars	Taxable services in	Remarks
Entrepreneurship Awareness Camps to a Business incubatee.	Nil	Exempted service.
Commercial space provided to AB Ltd. a non-incubatee	Nil	Exempted service
Taxable supply of services	Nil	

QUESTION 78. Mr. X an event organiser, located in Chennai received an order from M/s Lesley 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: Lesley publications is a registered person.
Case 2: Lesley publications is a un-registered person.

Answer:
Case 1: Mumbai (i.e. location of recipient of service) Mr. X of Chennai is liable to pay IGST.
Case 2: Chennai (i.e. location where the event is actually held)
Mr. X of Chennai is liable to pay CGST & SGST.

QUESTION 79. Mr. C of Chennai being an event organizer hosted an exhibition at Dhaka to exhibit the products of exhibitor (namely Chennai Silks) located Chennai.

Answer:
POS = Chennai (i.e. location of service recipient) GST is not liable to pay by Mr. C.
Note: Services by an organiser to any person in respect of a business exhibition held outside India is exempted from GST (vide Entry No. 52).

QUESTION 80. M/s DLF Ltd., sponsored Rs. 20 lakhs in respect of a Tournament organized by Board of Council for Cricket in India (BCCI).
(a) Is it taxable supply of service?
(b) If so who is liable to pay GSTRs.

Answer:
(a) Yes, the given service is taxable supply of service.

(b) M/s DLF Ltd., is liable to pay GST under reverse charge being a recipient of such sponsorship services from BCCI.
Note: BCCI is not a National Sports Federation.

QUESTION 81. BCCI conducted a tournament in the month of October 2017, in India (i.e. India vs. Australia) by selling tickets in the following denominations:
a) 1,00,000 tickets @ 195 per ticket
b) 10,000 tickets @ 550 per ticket. Find the GST if any?

Answer:
(a) Where the consideration for admission is not more than Rs. 250 per person is exempted from GST.
(b) GST liability is as follows:

Rs. 550 x 10,000 tickets	= Rs. 55,00,000
CGST @14%	= Rs. 7,70,000
SGST @14%	= Rs. 7,70,000

Note:
(1) Entry fee per person per ticket exceeding Rs. 500 fully taxable.
(2) Admission to all sports events organized by recognized sports federations were to attract 28% GST

QUESTION 82. Mark Agro Products Ltd., furnishes the following details of various services provided by it in the month of August, 2017:

S. No.	Particulars	Amount
1	Rearing of Silkworm and horticulture	2,50,000
2	Plantation of tea and coffee	2,00,000
3	Renting of vacant land for performing marriage ceremony	4,50,000
4	Sale of wheat on commission basis	50,000
5	Sale of rice on commission basis	2,00,000

Compute the value of taxable supply of services and the GST liability fo Mark Agro Prudcs Ltd. for the month of August 2017. Assume rate of GST 18%.

Answer:

S. No.	Particulars	Amount
1	Rearing of Silkworm and horticulture	Exempted Supply
2	Plantation of tea and coffee	Exempted Supply
3	Renting of vacant land for performing marriage ceremony	4,50,000
4	Sale of wheat on commission basis	Exempted Supply
5	Sale of rice on commission basis	2,00,000
	Taxable Supply	6,50,000
	GST 18% of Rs. 6,50,000	1,17,000

QUESTION 83. From the following information find GST liability of M/s A. Ltd. for the month of October 2017:

Particulars	Rs. in Lakh
(i) Renting of Agro-machinery	5.0
(ii) Cultivation of Ornamental flowers	2.5
(iii) Processing of Tomato Ketchup under the brand name of Y Ltd.	3.0
(iv) Plantation of Rubber	3.5
(v) Processing of Potato chips on jobwork basis	1.5
Assume applicable CGST 2.5% & SGST 2.5%.	

Answer:

Statement Showing GST Liability of M/s A. Ltd. for the month fo October 2017:

Particulars	Rs. in Lakh
(i) Renting of Agro-machinery	Exempted supply of Service
(ii) Cultivation of Ornamental flowers	Exempted supply of Service
(iii) Processing of Tomato Ketchup under the brand name of Y Ltd.	3.0
(iv) Plantation of Rubber	Exempted supply of Service
(v) Processing of Potato chips on jobwork basis	1.5
Taxable supply of service	4.50
CGST 2.5%	0.1125
SGST 2.5%	0.1125

QUESTION 84. Validate the following:
(1) State Government grant fresh license to slaughterhouses by charging fee of X 12,000. It is taxable supply of service and GST will be levied.
(2) Meat shops selling meat is taxable supply of goods and GST will be levied.

Answer:
(1) The given statement is invalid:
It is exempted supply of service under entry no. 4 of notification no. 12/2017-Central Tax (Rate) dt.28-06-2017 and hence, GST will not be levied.
(2) The given statement is invalid:
It is exempted supply of goods under Notification No.2/2017-Central Tax (Rate) Dt. 28-06-2017 and hence, GST will not be levied.

QUESTION 85. Transport facility provided by a school to its students through a fleet of buses and cabs owned by the School.

Answer:
Exempted supply of service. GST will not be levied.

QUESTION 86. Transport facility provided by a school to its students through a private Bus/Cabs Operator.

Answer:
Exempted supply of service. GST will not be levied.

QUESTION 87. Service provided by a private transport operator to a school in relation to transportation of students to and from a school.

Answer:
Exempted supply of service. GST will not be levied.

QUESTION 88. Service provided by a School in relation to a tour to its students and staff.

Answer:
Exempted supply of service. GST will not be levied.

QUESTION 89. Service provided by a private transport operator to a school in relation to a tour and travel services of students and staff.

Answer:
Taxable Supply. GST will be levied

QUESTION 90. Mr. C a practicing CMA provided services to the Institute of Cost Accountants of India by way of teaching to Students.

Answer:
Taxable supply.

QUESTION 91. Restaurant services provided to the students of the Institute of Cost Accountants of India (ICAI), which is accessible by the others also. Is it taxable service?

Answer:
Taxable supply.

QUESTION 92. Security services provided by a Safety and Security Bureau in Chennai, to the ICAI New Delhi for four months. Monthly charges Rs. 1,200. Is it taxable supply of service? Applicable GST 18%. Find the GST liability.

Answer:
This given activity is a taxable supply of service. Security Bureau is liable to pay GST.
IGST liability = f 864
(Rs. 1,200 pm x 4 months) x 18%

QUESTION 93. Campus Interviews conducted by the Institute of Cost Accountants of India, by collecting entry fee from the corporate houses. Is it taxable supply of service under GST?

Answer:
Yes. It is taxable supply of service.

QUESTION 94. Hr. Sec. School provided auditorium hall on rent to Guideline Academy in Chennai. Monthly charges f 1,21,200 through out the year (w.e.f 1-7-2017). Is it taxable supply of service? Applicable GST 18%. Find the GST liability.

Answer:
This given activity is a taxable supply of service. Hr. Sec. School is liable to pay GST.
GST liability = Rs. 1,96,344
(Rs. 1,21,200 pm x 9 months) x 18%

QUESTION 95. Whether GST is payable on vocational training provided by private it is in designated trades and in other than designated trades?

Answer: Private ITIs is qualified as an educational institution as defined under para 2(y) of Notification No. 12/2017-CT(Rate) if the education provided by these ITI's is approved by NCVT or SCVT or Modular Employable Skill course, approved by NCVT, run by a person registered with DG Training in Ministry of Skill Development. Therefore, services provided by a private it is in respect of desingnated trades are exempt from GST under Entry No. 66 of NT 12/2017-CT(Rate). However, services provided by a private ITI in respect of other than designated trades would be liable to pay GST and are not exempt.

QUESTION 96. Whether GST is payable on the service, provided by a private Industrial Training Institute for conduct of examination against consideration in the form of entrance fee and also on the services relating to admission to or conduct of examination?

Answer: In case of designated trades, services provided by a private ITI by way of conduct of entrance examination against consideration in the form of entrance fee will also be exempt from GST. Further, in respect of such designated trades, services provided to an educational institution, by way of, services relating to admission to or conduct of examination by a private ITI will so be exempt. It is further clarified that in case of other than designated trades in private ITI's GST shall be payable on the service of conduct of examination against consideration by such institutions. As far as Government it is are concerned, services provided by a Government ITI to individual trainees/ students, is exempt under entry No. 6 of NT 12/2017-CT (Rate).
Designated Trade means any trade or occupation or any subject field in engineering or technology or any vocational course which the Central Government, after consultation with the Central Apprenticeship Council, may, by notification in the Official Gazette, specify as a designated trade for the purposes of the Apprenticeship Act, 1961.

QUESTION 97. Indian Institute of Management, Ahmedabad provided the following services in the month of July 2017:

a. Post Graduate Diploma in Management services provided to those candidates who selected through Common Admission Test (CAT) for Rs. 25 lakhs.
b. Services provided by way of Executive Development Programme Rs. 55 lakhs.
Find the GST liability if rate of GST is 18%?

Answer:
(a) Post Graduate Diploma in Management where admission to such programme is through Common Admission Test (CAT) is exempted supply of service. Exempted from GST.
(b) Executive Development Programme is taxable supply. GST is X 9.9 lakhs (Rs. 55 lakhs x 18%)

QUESTION 98. Mr. M.S. Dhoni provided services to Chennai Super Kings (a franchisee) in a premier league. Is it taxable service?

Answer:
Yes, it is taxable in the hands of Mr. M.S. Dhoni.
Since, the service of a player to a franchisee which is not a recognized sport body.

QUESTION 99.
Mr. Krishnamachari Srinivasan provided services as umpire in a premier league (IPL). Is this service taxable?

Answer:
No. the given service is exempt from GST.
Since, services of an individual as umpire, provided directly to a recognized sport body (BCCI) shall be exempt.

QUESTION 100. Industrial and Technical Consultancy Organisation of Tamilnadu Limited (ITCOT) is accredited for conducting assessment for Modular Employable Skills (MES) courses under SDI scheme.
Following services provided in the month of Oct 2017:
1. Skill development services for Rs. 20 lakhs;
2. Skill Assessment examination and certification under SDI for Rs. 25 lakhs;
3. Feasibility reports to various industries for Rs. 60 lakhs. Find the GST liability?
Note:
(i) ITCOT is a registered person under GST Law.
(ii) Assume GST applicable @ 18%.

Answer:

Statement showing GST liability

Particulars	Value Rs. (lakhs)	Remarks
Skill development services	20	Taxable supply of service
Skill Assessment examination and certification	Nil	Exempted supply of service
Feasibility reports to various industries	60	Taxable supply of services
Total taxable services	80	
GST 18%	14.40	

QUESTION 101. Synergy Waste Management (P) Ltd. provided following services to Apollo Hospitals Chennai during the month of Oct 2017:
(i) Collection, transportation, Treatment & Disposal of Bio-Medical Waste for Rs. 5,25,000.
(ii) Training on Segregation of Bio-Medical Waste to Hospital Staff to further increase efficiency of Bio-Medical
Waste Management Services for Rs. 1,25,000.
(iii) Laundry services for Rs. 50,000.
(iv) Common Bio-medical Waste Treatment Facility services provided to Arvind pharma company during Oct 2017 for Rs. 2,00,000.
Find the GST liability for the month of OCT 2017?

Answer:

Statement showing GST liability of Synergy Waste Management (P) Ltd.

Particulars	Value in Rs.	Remarks
Collection, transportation, Treatment & Disposal of Bio-Medical Waste	Nil	Exempted supply of service
Training on Segregation of Bio-Medical Waste	Nil	Exempted supply of service
Laundry services	50,000	Taxable service
Common Bio-medical Waste Treatment Facility services provided to Arvind pharma company.	2,00,000	Taxable service. Since, exemption is given to a clinical establishment by way of treatment or disposal of bio-medical waste
Total taxable supply of service	2,50,000	
GST 18%	45,000	

QUESTION 102. Validate the following statement:
Hospital charging room rent per day per room is Rs. 1,200 on rooms provided to in-patients. It is exempted supply of service.

Answer:
The given statement is valid. it is treated as health care service and hence "room rent in hospitals is exempt".

QUESTION 103. Kamakshi charitable trusts running a hospital by hiring visiting doctors/specialists.
Medical services to patients at a concessional rate charged by hospital for Rs. 2,25,500 from patients and paid to visiting doctors/specialists Rs. 2,00,000.
Find the following:
Exempted supply if any.
GST liability if any. Applicable rate of GST 18%.

Answer:
Fee collected from Patients Rs. 2,25,500 is exempted from GST. Hospital is liable to pay GST on such amount (i.e. Rs. 25,500) deducted from fees paid to doctors. GST payable is Rs. 4,590.

QUESTION 104. Green Tree society provided following services in the month of Oct 2017:
(i) Banquet hall provided to a Member of the society on hire for the purpose of celebrating his son birthday party for Rs. 25,000.
(ii) Payment of electricity bill issued by third person, in the name of its members; collected Rs. 1,10,000 from its members and paid to electricity department Rs. 1,00,000.
(iii) contribution per month per member is Rs. 5,500 for 20 members and Rs. 2,500 for 30 members has been received in the Oct 2017.
Find the tax liability of the Green Tree Society for the month of Oct 2017.

Answer:
Statement showing GST liability of Green Tree society for the month of OCT 2011:

Banquet hall rent	25,000	Taxable service
Service charges	10,000	Taxable service
Maintenance charges	1,10,000	5,500 x 20
Total taxable value of supply of services	1,45,000	
GST @18%	26,100	

QUESTION 105. Mr. Navab, a performing artist, provides the following information relating to August, 2017.

Receipts from:	Rs.
Performing classical dance	98,000
Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply of services and GST payable by Mr. Navab for August, 2017. GST @ 18%.

Answer:

Receipts from	Value	Remarks
Classical dance	Nil	Exempt as receipt is less than or equal to Rs. 1,50,000
Performing in television serial	2,80,000	
Brand ambassador	12,00,000	
Coaching in recreational activities in relation to arts	Nil	
sculpture making	3,10,000	
Western dance	90,000	
Value of taxable supply of service	18,80,000	
GST 18%	3,38,400	

QUESTION 106. Admission to IPL is Rs. 495 and entertainment tax Rs. 25. Whether this is activity exempt from GST?

Answer:
Taxable supply of service. Since, transaction value Rs. 520 (i.e Rs. 495 plus Rs. 25) not exceeds Rs. 500 per ticket.

QUESTION 107. M/s Ram Ltd. of Chennai being importer furnished the following information:
(i) CIF price of imported goods from Indonesia: USD1,00,000.
(ii) Submitted the Bill of entry on 15.07.2017.
(iii) Rate of exchange is X 65 per USD.
Note: the exact amount of freight paid by the foreign exporter to the foreign shipping line is not known. Your are required to answer.
(a) Value of taxable supply
(b) Who is liable to pay GST
(c) Total tax liability

Answer:

Particulars	Value in	Remarks
CIF value of import	65,00,000	(1,00,000 USD x 65)
(a) Value of taxable supply of service (i.e. ocean freight)	6,50,000	f 65,00,000 x 10%

(b) Importer (Ram Ltd.) is liable to pay GST @5% on the taxable value of supply of service
(c) GST liability = Rs. 32,500 (Rs. 6,50,000 x 5%)

QUESTION 108. Validate the following statement:
Indian Bank, Mound Road Branch in Chennai imported external asset management services is exempt from GST.

Answer:
The given statement is invalid. It is taxable supply of service and hence IGST will be levied.

3. Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India exempted from GST
(Notification No. 9/2017-Integrated Tax (Rate) Dated 28th June 2017):

QUESTION 109. Service provided by Indian tour operator to a Sri Lankan for a tour conducted in Bhutan. Is it taxable supply?

Answer:
It is exempted supply of service and hence GST will not be levied.

QUESTION 110. Raman Hotels supplying only accommodation services in Chennai. Turnover of Raman Hotels is less than 20 Lakhs. Raman Hotels listed hotel on online platform namely Makemytrip.
The following categories of rooms get booked by the Makemytrip company who pay to Raman Hotels after deducting their commission.
(a) Declared Tariff per room (category 1), Non AC Room Rs. 950 per Night.

(b) Declared Tariff per room (category 2), AC Room Rs. 1,800 per Night.
(c) Declared Tariff per room (category 3), AC Room Rs. 7,000 per Night, where additional bed Rs. 1,800 per Night.
(d) Declared Tariff per room (category 4), AC Room Rs. 10,000 per Night, but amount charged is Rs. 7000. Your are required to answer.
(a) Who is liable to pay GST and (b) Net GST LIABILITY?

Answer:

Particulars	Value in Rs.	GST Rs.	Remarks
(a) Declared tariff f 950	Nil		Since, declared tariff less than Rs. 1,000. It is exempted supply of service.
(b) Declared tariff Rs. 1,800	1,800	216	Taxable supply. GST @12% is applicable
(c) Declared tariff Rs. 7,000	8,800	1,584	Taxable supply. Since, declared tariff not exceeds Rs. 7,500, applicable rate is 18%. However, GST will be charged on transaction value.
(d) Declared tariff value Rs. 10,000	7,000	1,960	Taxable supply. Since, declared tariff exceeds Rs. 7,500, applicable rate is 28%. However, GST will be charged on transaction value.
Total		**3,760**	

QUESTION 111. State with reasons whether the following transactions attract GST or not:

(i) Services provided by a private school bus operator to a school in relation to transportation of students to and from the school.
(ii) Campus interview conducted by M/s. Sona College of Engineering, Mumbai by collecting entry fee from the corporate houses.
(iii) Ms. Geethanjali, a classical dancer receives Rs. 1,00,000 from an event management company for performing in a stage programme.
(iv) Madras Music Academy charged Rs. 500 per ticket for a music concert of Mr. Srinivas, an Indian Classical Singer. But charged Rs. 1,000 per ticket for a music concert of another Indian classical singer Mr. K.J. Jesudas.

(2x4 = 8 marks; 2018 - June)

Answer:
(i) Exempted:
Supply of Service as pi.r Entry No. 66 of Notification No.12/2017-Central Tax (Rate) dated 28.06.2017.

(ii) Not Exempted:
Not in the nature of exempted education services as provided in Entry No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. Hence, it is taxable.

(iii) Exempted:
Since the amount received is not more than Rs. 1.50 Lakhs, as per Entry No. 78 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 the given service is exempt from tax.

(iv) Exempt/ Non exempt:
As per Entry No.81 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 as amended on 25.01.2018 [Vide Notification No.2/2018-Central Tax (Rate) dated 25.01.2018] services by way of right to admission to musical performance, inter - alia, is exempt up to Rs. 500 per person. Hence, in the former case where the ticket cost is Rs. 500 is exempt and in the later case it is taxable.

QUESTION 112. Mr. Ijas, a performing artist, provides the following information relating to October, 2019:

Receipts from :	Amount (Rs.)
Performing classical dance	1,49,000
Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply of services and GST payable by Mr. Ijas for October, 20i 9, GST @ 18% (5 marks; 2018 - June)

Answer:
Calculation of value of Taxable Supply and GST Payable by Mr. Ijas for October, 2019

Particulars	Amount (in Rs.)
Classical dance (Exempt as receipt is less than **or** equal to Rs. 1,50,000)	Nil
Performing in television serial	2,80,000
Brand ambassador	12,00,000
Coaching in recreational activities in relation to arts	Nil
Sculpture making	3,10,000
Western dance	90,000
Value of taxable supply of service	18,80,000
GST Payable @ 18%	**3,38,400**

QUESTION 113. Alisha Hotel Ltd. is a hotel provider of rooms. Rent charged per day per room is as follows:

Particulars	Amount (Rs.)
Room Rent	550
Furniture Rent	400
Air-conditioner Rent	150
Refrigerator Rent	50
Less: Discount	(250)

Net Amount Charged	900

During the month of Oct. 2019, 20 rooms are let out throughout the month and balance 35 rooms are let out only for 15 days. Input Tax Credit available Rs. 7,500.
The following GST rates are applicable for the hotel industry: 12%, 18% and 28%.
Find the GST liability if any for the month of Oct. 2019.
(10 marks; 2018 - Dec)

Answer:

Particulars	Amount (Rs.)
Working Note :	
(1) Since, Declared Tariff is Rs. 1,150, Alisha Hotel Ltd., is liable to pay GST @ 12%*	
Room rent	550
Furniture rent	400
Air - conditioner rent	150
Refrigerator rent	50
Declared Tariff	1-.150
(2) Taxable Services	
(20 rooms* x 31 days x* Rs. 900	5,58,000
(35 rooms * x 15 days * x Rs. 900	4,72,500
Total taxable services	**Rs. 10,30,500**

Statement Showing GST liability of Alisha Hotel Ltd.

Particulars		Value in Rs.
Taxable supply of service		**10,30,500**
GST liability :		
	6% CGST	**6% SGST**
Output tax	61,830	61,830
Less: fTC	3,750	3,750
Total Tax	**58,080**	**58,080**

Note: The principle supply is renting of hotel room service. The other services are incidental and naturally bundled. Hence GST rate applicable to renting of hotel room services of 12% is applicable.

QUESTION 114. Alisha Hotel Ltd. is a hotel provider of rooms. Rent charged per day per room is as follows:

Particulars	Amount (Rs.)
	550
Furniture Rent	400
Air-conditioner Rent	150
Refrigerator Rent	50
Less: Discount	(250)
Net Amount Charged	900

During the month of Oct. 2019, 20 rooms are let out throughout the month and balance 35 rooms are let out only for 15 days. Input Tax Credit available Rs. 7,500.
The following GST rates are applicable for the hotel industry: 12%, 18% and 28%.
Find the GST liability if any for the month of Oct. 2019. (10 marks; 2018 - Dec)

Answer:

Particulars	Amount (Rs.)
Working Note :	
(1) Since, Declared Tariff is Rs. 1,150, Alisha Hotel Ltd., is liable to pay GST @ 12%*	
Room rent	550
Furniture rent	400
Air - conditioner rent	150
Refrigerator rent	50
Declared Tariff	1-.150
(2) Taxable Services	
(20 rooms* x 31 days x* Rs. 900	5,58,000
(35 rooms * x 15 days * x Rs. 900	4,72,500
Total taxable services	**Rs. 10,30,500**

Statement Showing GST liability of Alisha Hotel Ltd.

Particulars		Value in Rs.
Taxable supply of service		**10,30,500**
GST liability :		
	6% CGST	**6% SGST**
Output tax	61,830	61,830
Less: fTC	3,750	3,750
Total Tax	**58,080**	**58,080**

Note: The principle supply is renting of hotel room service. The other services are incidental and naturally bundled. Hence GST rate applicable to renting of hotel room services of 12% is applicable.

QUESTION 115. M/s. Pioneer Agro Ltd., has provided the following information and asking you to compute the vaiue of exempt and taxable supplies for the month of March 2020:

Sl. No.	Particulars	Rs. in Lakhs
1	Sale of Rice (Unbranded)-On own account	18.00
2	Sale of Branded Rice-On own account	5.00
3	Commission Received (for dealing in unbranded rice)	2.50
4.	Commission Received (for dealing in branded rice)	1.00
5.	Commission Received (for dealing in tobacco	5.00

	leaves)	
6.	Sale of Egg	25.00
7	Sale of dried coconut	5.00
8	Sale of desiccated coconut	3.00

(8 marks; 2019 - June)

Answer:

S. No.	Particulars	Exempt Value (Rs. In Lakhs)	Taxable Value (Rs. In Lakhs)	Remarks
1.	Sale of Rice (Unbranded) - On own account	18.00		Notification No. 28/2017 CT(R), dt. 22.09.17
2.	Sale of Branded Rice - On own account		5.00	Notification No. 27/2017 CT(R), dated :22/09/20l7
3.	Commission Received (for dealing in un branded rice)		2.50	Rice is not an agricultural pro-duce
4.	Commission Received (for dealing in branded rice)		1.00	Rice is not an agricultural pro-duce
5.	Commission Received (for dealing in raw tobacco leaves)	5.00		Raw Tobacco leaves is an agri-cultural produce
6.	Sale of Egg	25.00	•	Egg is an agri-cultural produce
7.	Sale of dried coconut	5.00	-	
8.	Sale of desiccated coconut		3.00	
	Total	**53.00**	**11.50**	

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 DELAER)

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 **INVOICE** 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 **INVOICE** 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
CASE 1: IF **INVOICE** IS ISSUED **WITHIN 45 DAYS** OF COMPLETION OF SERVICE	TIME OF SUPPLY SHALL BE DATE OF **INVOICE** OR DATE OF **PAYMENT** **WHICHEVER IS EARLIER**
CASE 2: IF **INVOICE** IS **NOT** ISSUED **WITHIN 45 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 GOODS SENT FOR APPROVAL

SUPPLIER	TIME OF SUPPLY
EVERY SUPPLIER IRRESPECTIVE OF TURNOVER	• 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	• **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 *vide*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 *vide* Notification No. 66/2017-CT dated 15-11-2017.

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	Redemp ti on of voucher	Last date for acceptan ce 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	Redempti on 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	Redempti on of voucher	Last date for accepta nce 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 goodsRs.
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

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.

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 section10 (1)(b) of IGST Act, 2017, where goods are delivered by supplier to a recipient ondirection of a third person during course of movement of goods. Also determine natureof 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

MTP DEC 19 SET 2

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

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/s X 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

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.

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

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

Q 17. Ms. Reshmi (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.

SERVICES BY WAY OF ACCOMMODATION IN ANY IMMOVABLE PROPERTY FOR ORGANIZING EVENT (Marriage, Reception, Official, Social, Cultural, Religious, Business Function including 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.

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**

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.

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, Karnata 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.

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	**PROVIDED TO A REGISTERED PERSON:** **• Location of recipient of Service** **PROVIDED TO AN UN-REGISTERED PERSON:** **• 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.** 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.

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.**

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 Pradeh. 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 Navatha a 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, promisory 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:
(a) Mr. C of Chennai is a registered person under GST.
(b) Mr. C of Chennai is a un-registered person under GST, however his address is available in the books of M/s DHL Courier.
(c) 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.**

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. Ram purchased 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 DelhiDubai 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 registeredunder 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 foraudit purpose. He purchased from Jaipur Airlines (registered is Rajasthan) air ticketfrom Jaipur to Mumbai disclosing name of organization and its GST Registrationnumber. Determine place of supply of service .What would your answer if MissShalvee 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**

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.**

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-DelhiChennai 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.

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. TFind 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	• Location of recipient of service on the records of the supplier of service. Otherwise: • Location of supplier of service.

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.**

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/s X Ltd. Has factory in Cochin, Chennai, Vijayawada and Hyderabad and office in Bengaluru. M/s X Ltd. Obtains insurance for theassets located in Cochin, Chennai, Vijayawada, Hyderabad and Bengaluru from insurance company located at Dehli. Premium receipt issued 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**

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.

When a service does not fall in any of these category.	**If service supplied to a registered person:** Location of Receiver **If service supplied to unregistered person but his address is available.** Location of Receiver

	If service supplied to unregistered person and his address is not available. Location of Service Provider

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 ● 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.

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 ● Cultural ● Artistic ● Sporting ● Scientific ● Educational ● Entertainment event ● Celebration ● Conference ● Fair ● Exhibition ● Similar events and ● Services ancillary to such admission or organisation	**WHERE THE EVENTIS ACTUALLY HELD.**

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 a 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
Specified services includes: (a) Services provided by a banking company, or financial company, or a NBFC to account holders (b) Intermediary services (c) Services consisting of hiring of means of transport, other than, (i) aircrafts, and (ii) vessels except yachts upto a period of one month **Intermediary services Includes the following:** • 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 workin 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 itsnewly 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 BangkokKolkata-Delhi Flight. SM

Q 127. Swamy Ltd. of Chennai acquires the business of SA Ltd. at Johansberg, 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 theapplicability 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 referenceto 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) UV Airlines, 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 × 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 Mahabhalipuram (Tamilnadu). The stay includes both staying and complementary breakfast. Where the stay in Pondicherry is for 3 Nights and the stay in Mahabhalipuram 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

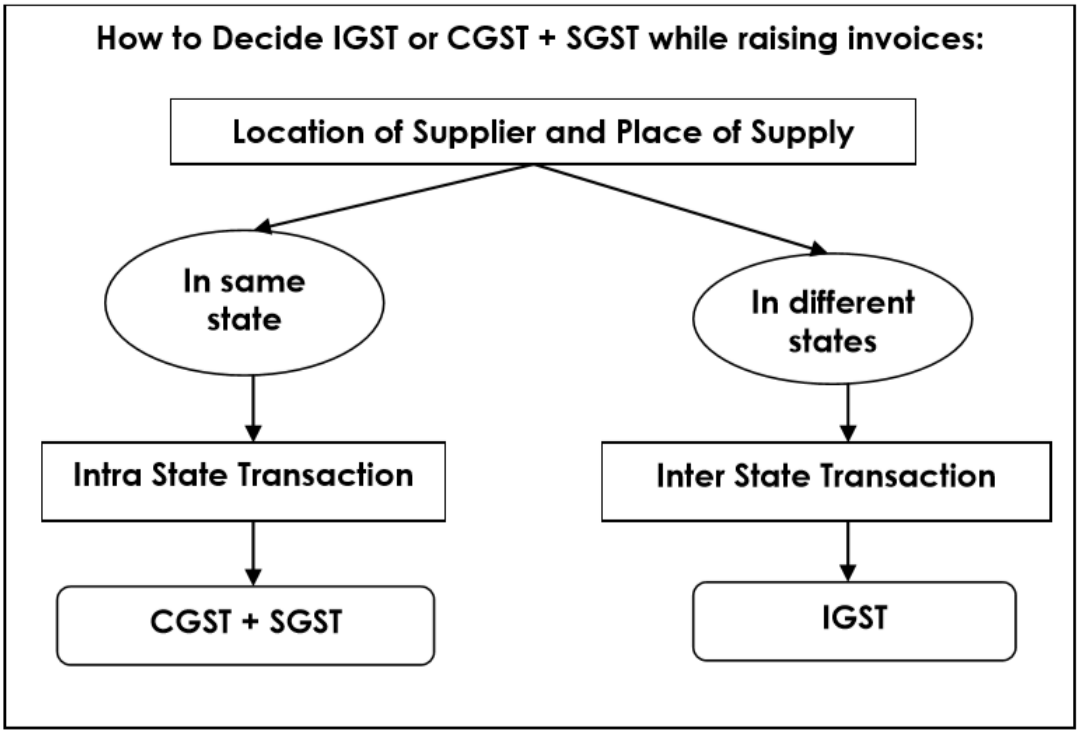
Q 145. With reference to the position of Goods and Services Tax law as applicable on or after 01.07.2017, what would be the place of supply of service in the following independent cases? (I) MN Trade Links of New Delhi are appointed as commission agent by a foreign company for sale of its goods to Indian 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 JUEN 19 MARKS 6

VALUE OF SUPPLY
INTRA & INTER STATE SUPPLY & GST

HOW TO DECIDE GST IN AN INVOICE



VALUE OF SUPPLY
TREATMENT OF TAXES, DUTIES, CESSES, FEES AND CHARGES
OTHER THAN GST

INTRODUCTION

ANY TAXES, DUTIES CESSES, FEES AND CHARGES LEVIED UNDER ANY LAW **OTHER THAN** **CGST/ SGST/ UTGST/ IGST/ COMPENSATION CESS**	**SHALL BE** **ADDED TO** **THE VALUE OF SUPPLY.**

VALUE OF SUPPLY

TREATMENT OF COMMISSION AND PACKING CHARGES ETC.

THE TRANSACTION VALUE WILL **INCLUDE** **COMMISSION AND PACKING CHARGES** CHARGED BY THE SUPPLIER	AND TRANSACTION VALUE **TO INCLUDE** **ANY AMOUNT** CHARGED BY THE SUPPLIER **FOR ANYTHING DONE** IN RESPECT OF SUPPLY EITHER AT THE TIME OR BEFORE DELIVERY OF GOODS OR SERVICES.

VALUE OF SUPPLY

TREATMENT OF PAYMENTS MADE BY RECIPIENT ON BEHALF OF SUPPLIER

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.

VALUE OF SUPPLY
TREATMENT OF DISCOUNT

DISCOUNT

CASE 1	
IF THE DISCOUNT IS GIVEN **BEFORE** **OR** **AT THE TIME OF SUPPLY,** AND **IS RECORDED IN THE INVOICE**	**GST** WILL APPLY **ON** THE **DISCOUNTED VALUE**

CASE 2	
IF THE DISCOUNT IS GIVEN **AFTER SUPPLY,** **BUT AGREED UPON** BEFORE OR AT THE TIME OF SUPPLY, AND **CAN BE SPECIFICALLY LINKED** TO RELEVANT INVOICES.	**GST** WILL APPLY **ON** THE **TOTAL VALUE** **BUT LATER ON** SHALL BE **CLAIMED AS** **DEDUCTION**

CASE 2	
IF THE DISCOUNT IS GIVEN **AFTER SUPPLY,** **AND NOT KNOWN** AT THE TIME OF SUPPLY,	**NO TREATMENT** **OF** **DISCOUNT**

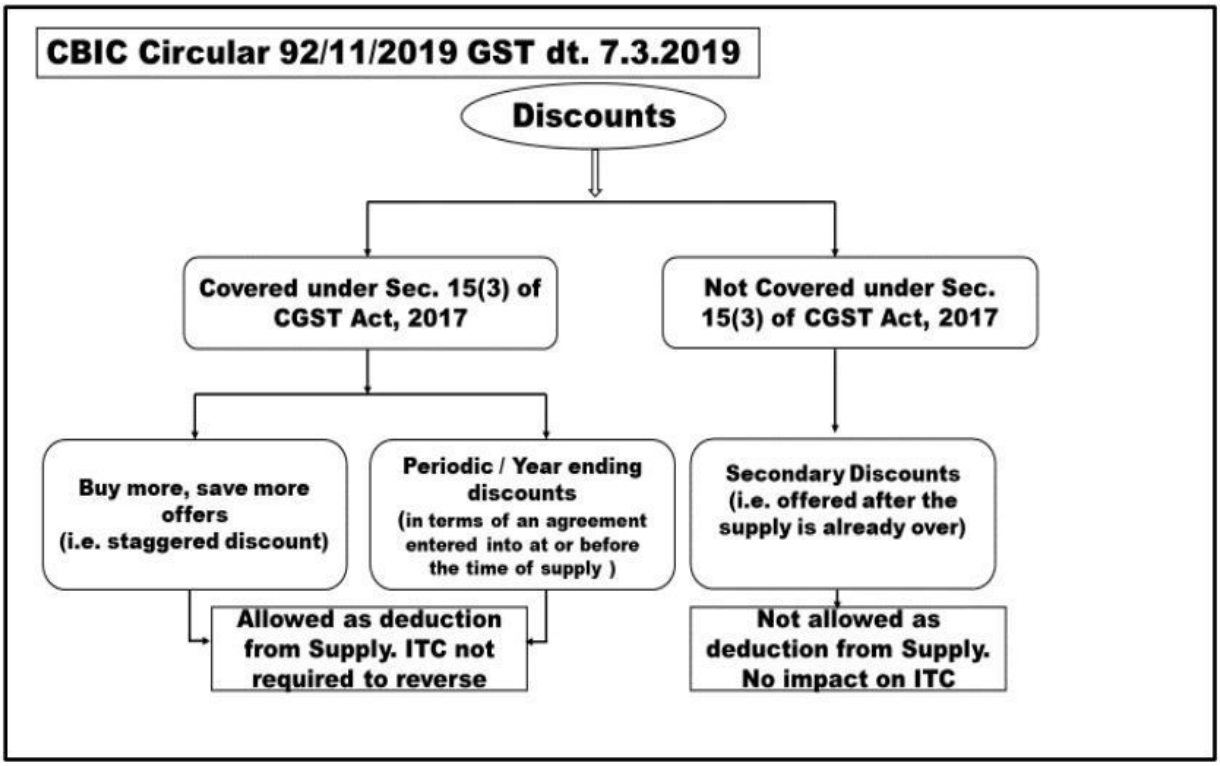
VALUE OF SUPPLY
TREATMENT OF SUBSIDY

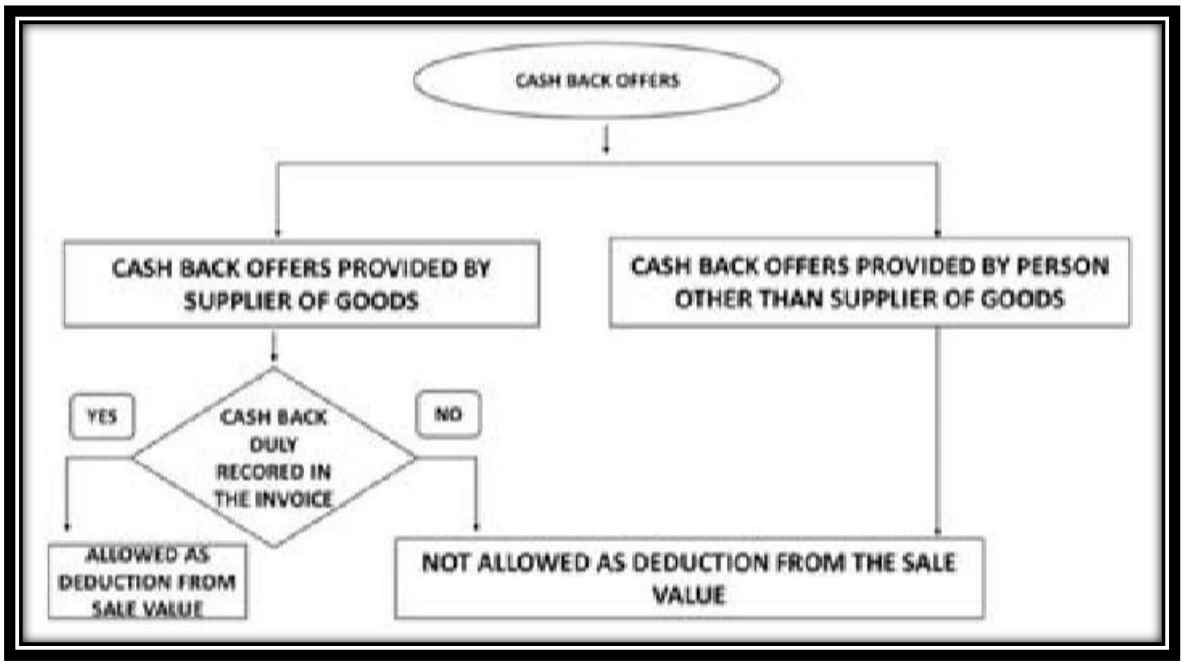
INTRODUCTION

CASE 1	
PAYMENT OF SUBSIDY WAS MADE **TO SUPPLIER**	**GST** WILL APPLY **ON** THE **REDUCED VALUE**

CASE 2	
PAYMENT OF SUBSIDY WAS MADE **TO RECEIVER**	**GST** WILL APPLY **ON** THE **TOTAL VALUE**

VALUE OF SUPPLY
TREATMENT OF CASH BACK OFFERS





VALUE OF SUPPLY
INSURANCE SECTOR

EXEMPTED INSURANCE

1) Services of life insurance business provided by way of annuity under the **National Pension System** regulated by the **Pension Fund Regulatory and Development Authority of India** under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013)

2) Services of life insurance business provided or agreed to be provided by the **Army, Naval and Air Force Group Insurance Funds** to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.

3) Services of life insurance provided or agreed to be provided by the **Naval Group Insurance Fund to the personnel of Coast Guard** under the Group Insurance Schemes of the Central Government retrospectively w.e.f. 1st July 2017.

4) Services of life insurance provided or agreed to be provided by the **Central Armed Police Forces** (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force exempted from GST.

5) Services by the **Employees' State Insurance Corporation** to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).

6) Services provided by the **Insurance Regulatory and Development Authority of India** to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999).

7) Services of general insurance business provided under following schemes—
   (a) **Hut Insurance** Scheme;
   (b) **Cattle Insurance** under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);
   (c) Scheme for **Insurance of Tribals**;
   (d) **Janata** Personal Accident Policy and Gramin Accident Policy;
   (e) **Group Personal Accident Policy** for Self-Employed Women;
   (f) Agricultural **Pumpset and Failed Well** Insurance;
   (g) Premium collected on **export credit insurance**;

(h) Weather Based **Crop Insurance Scheme** or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;

(i) **Jan Arogya Bima** Policy;

(j) National Agricultural Insurance Scheme **(Rashtriya Krishi Bima** Yojana);

(k) Pilot Scheme on **Seed Crop** Insurance;

(l) Central Sector Scheme on **Cattle Insurance**;

(m) **Universal Health** Insurance Scheme;

(n) **Rashtriya Swasthya Bima** Yojana;

(o) **Coconut Palm** Insurance Scheme;

(p) **Pradhan Mantri Suraksha** BimaYojna;

(q) **Niramaya** Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999). w.e.f 1-10-2019: exemption notification has been amended to exempt services of general insurance business provided under **"Bangla Shasya Bima"** scheme.

8) Services of life insurance business provided under following schemes—

(a) **Janashree Bima** Yojana;

(b) **Aam Aadmi Bima** Yojana;

(c) Life **micro-insurance product** as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of two lakhs rupees (w.e.f. 25.1.2018). Prior to 25.1.2018 it was fifty thousand rupees;

(d) **Varishtha Pension Bima**Yojana;

(e) **Pradhan Mantri Jeevan Jyoti** BimaYojana;

(f) Pradhan Mantri **Jan DhanYojana**;

(g) Pradhan Mantri **Vaya Vandan Yojana**

9) Services by way of **reinsurance of the insurance schemes**. It is expected that the premium amount charged from the Government/insured in respect of future insurance services is reduced.

10) Services by **business facilitator** or a business correspondent to an insurance company in a **rural area**.

11) Services **provided to the** Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.

12) Services of **Re-insurance** of the insurance schemes provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.

GST ON INSURANCE (LIFE INSURANCE)

CASE 1	VALUE OF SUPPLY
IF INSURANCE PREMIUM COVERS **ONLY THE RISK** **& NO INVESTMENT**	**PAY GST @ 18%** ON THE **GROSS PREMIUM** CHARGED FROM THE POLICY HOLDERS.

CASE 2	VALUE OF SUPPLY
IF INSURANCE PREMIUM COVERS **THE RISK** AS WELL AS **INVESTMENT** AND **IT HAS BEEN COMMUNICATED TO THE POLICYHOLDER.**	**PAY GST @ 18%** ONLY ON THE **NET PREMIUM** AFTER DEDUCTING AMOUNT ALLOCATED FOR SAVINGS.

CASE 2	VALUE OF SUPPLY
IF INSURANCE PREMIUM COVERS **THE RISK** AS WELL AS **INVESTMENT** BUT **IT HAS NOT BEEN COMMUNICATED TO THE POLICYHOLDER.**	**PAY GST @ 18%** ON THE **25% OF THE 1ST YEAR PREMIUM** & **12.5% OF THE SUBSEQUENT YEARS PREMIUM**
IN CASE OF **SINGLE PREMIUM ANNUITY,** **10% OF THE PREMIUM IS TAXABLE VALUE** WHICH WILL ATTRACT 18% GST.	

GST ON INSURANCE (NON LIFE INSURANCE)

Taxable @ 18%	**WHATEVER MAY BE THE FORM OF GENERAL INSURANCE**

MONEY EXCHANGE SERVICE

RULE 32 (2)(a)

1) IF RBI REFERENCE RATE IS AVAILABLE,

CASE 1	VALUE OF SUPPLY
PURCHASE of foreign currency by service supplier	**(RBI reference rate - Buying rate) X Total units of currency.**

CASE 2	VALUE OF SUPPLY
SALE of foreign currency by service supplier	**(SELLING RATE - RBI reference rate) X Total units of currency.**

2) IF RBI REFERENCE RATE IS NOT AVAILABLE,

TRANSACTION	VALUE OF SUPPLY
IF RBI REFERENCE RATE IS NOT AVAILABLE	**1% OF INDIAN RUPEES PROVIDED OR RECEIVED**

3) IN CASE WHERE NEITHER OF THE CURRENCIES EXCHANGED IS INDIAN RUPEE

TRANSACTION	VALUE OF SUPPLY
WHERE NEITHER OF THE CURRENCIES EXCHANGED IS INDIAN RUPEE	**1% OF THE LESSER OF THE TWO AMOUNTS** ✓ The person changing the money would have received by converting. ✓ **ANY OF THE TWO CURRENCIES** ✓ into INDIAN RUPEE

IN CASE WHERE NEITHER OF THE CURRENCIES EXCHANGED IS INDIAN RUPEE

(ALTERNATE PRESENTATION)

Amount 1 = Foreign Currency sold * RBI Reference Rate of that currency to Indian rupees **Amount 2** = Foreign Currency Bought * RBI Reference Rate of that currency to Indian rupees	XXX XXX
Gross Indian Rupees = Amount 1 or Amount 2, whichever is *less*	XXX
Value = 1% of the Gross Indian Rupees	XXX

RULE 32 (2)(b)

AMOUNT OF TRANSACTION	VALUE OF SUPPLY
Upto`1,00,000	**1% OF THE GROSS AMOUNT** OF CURRENCY EXCHANGED; **OR** **`250,** WHICHEVER IS **HIGHER.**
Exceeding `1,00,000** **and** **upto `10,00,000	**`1,000 + 0.5 %** OF THE GROSS AMOUNT OF CURRENCY EXCHANGED.
Exceeding 10,00,000	**5,500 + 0.1 %** OF THE GROSS AMOUNT OF CURRENCY EXCHANGED; **OR** **60,000,** WHICHEVER IS **LOWER.**

NOTE: Taxable person will have to follow any of the above rules, and the rule adopted need to be followed throughout the financial year.

VALUE OF SUPPLY
AIR TRAVEL AGENT

OPTION 1
ACTUAL EARNING BASIS

AIR TRAVEL AGENTS ARE REQUIRED TO PAY **18% GST**
ON
ACTUAL COMMISSION EARNED FROM AIRLINES
AND
ALSO ON SERVICE CHARGES, HANDLING CHARGES ETC.
(BY WHATEVER NAME CALLED)
COLLECTED FROM THE
CUSTOMERS / PASSENGERS.

OPTION 2
COMPUTED FIXED EARNING BASIS

AIR TRAVEL AGENTS **MAY PAY GST AT 18%**
ON THE BELOW MENTIONED VALUE OF TAXABLE SUPPLIES
AND NOT ON
ACTUAL COMMISSION EARNED.

	DOMESTIC BOOKING	**INTERNATIONAL** BOOKING
VALUE OF TAXABLE SUPPLIES	**5% ON BASIC FARE**	**10% ON BASIC FARE**

NOTE

AIR TRAVEL AGENT CAN SELECT ANY OF THE METHOD.

METHOD CAN BE CHANGED AT ANY TIME DURING THE YEAR.

VALUE OF SUPPLY
BUYING AND SELLING OF SECOND HAND GOODS

CASE 1	
IF THE RECEIVER **IS** **NOT TAKING** **ITC**	VALUE OF SUPPLY SHALL BE THE **DIFFERENCE BETWEEN THE SELLING PRICE AND THE PURCHASE PRICE** AND WHERE THE VALUE OF SUCH SUPPLY IS NEGATIVE, IT SHALL BE IGNORED

CASE 2	
IF THE RECEIVER **IS** **TAKING ITC**	GST WILL BE LEVIED ON THE TRANSACTION VALUE OF SECOND HAND GOODS **SIMPLY SAYING (NORMAL CALCULATION)**

CASE 3	
GOODS REPOSSESSED FROM A DEFAULTING BORROWER	**PURCHASE PRICE OF SUCH GOODS REDUCED BY 5% POINTS** FOR EVERY QUARTER OR PART THEREOF, BETWEEN THE DATE OF PURCHASE AND THE DATE OF DISPOSAL BY THE PERSON MAKING SUCH REPOSSESSION

VALUE OF SUPPLY
DEL CREDERE AGENT COMMISSION

~~CENTRAL GOVERNMENT VIDE CORRIGENDUM TO CIRCULAR NO. 76/50/2018-GST, DATED 31ST DECEMBER, 2018~~	
~~Circular 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 includible** as it is an interim levy not having the character of tax.~~

VALUE OF SUPPLY
DONATION OR GIFTS FROM INDIVIDUAL DONORS

DONATION OR GIFTS FROM INDIVIDUAL DONORS

LEVY OF GST ON SERVICE DISPLAY OF NAME PLATES OR DONOR IN PREMISES OF CHARITABLE ORGANISATION
(CBIC CIRCULAR NO. 116/35/2019 GST, DATED 11-10-2019)

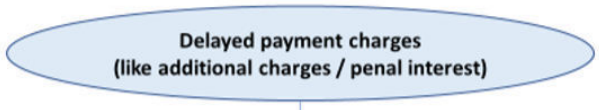
Individual donors provide financial help or any other support in the form of **donation or gift** to institutions such as religious institutions, charitable institutions, schools, hospitals, orphanages, old age homes etc. the recipient institutions place **a name plate or similar such acknowledgement** in their premises to express gratitude.

When the name of the donor is displayed in recipient institution premises, in such a manner, which can be said to be an expression of gratitude and public recognition of **donor's act of philanthropy and is not aimed at giving publicity** to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation).

There is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service).

Therefore, there is **no GST liability on such consideration.**

VALUE OF SUPPLY
LATE PAYMENT CHARGES ON EMI



Nature of supply	Value in ₹	Taxability
Loan given by Bank	Xxxx	Not taxable
Interest on loan	Xxx	Exempted supply
Penal interest on delay in repayment of loan	Xxx	Exempted supply

Nature of supply	Value in ₹	Taxability
Goods sold or supplied services on credit basis	Xxxx	Taxable supply
Interest charged by supplier of goods or services on periodic payment	Xxx	Taxable supply
Penal interest on delay in repayment of value of goods or services	Xxx	Taxable supply

[Circular No. 102/21/2019-GST dated 28.06.2019]

VALUE OF SUPPLY
AIRPORT LEVY UNDER GST

Passenger Service Fee (PSF) or User Development Fee (UDF) levied by airport operator for services provided to passengers, **are collected by the air lines as an agent** and is **not a consideration** for any service provided by the airlines.

Since, the airport operators are collecting **PSF and UDF inclusive of GST**, there is no question of their not paying GST collected by them to the Government.

Collection charges paid by the airport operator to airlines are a consideration for the services provided by the airlines to the airport operator and airlines shall be liable to pay GST on the same under forward charge.

ITC of the same will be available with the airport operator.

VALUE OF SUPPLY
RESIDENT WELFARE ASSOCIATION

MAJOR ISSUES WITH RESPECT TO

RESIDENT WELFARE ASSOCIATION

Are the **MAINTENANCE CHARGES** paid by residents to the **Resident Welfare Association (RWA)** in a housing society exempt from GST?	**EXEMPT UP TO AN AMOUNT OF RS. 7,500** **PER MONTH PER MEMBER**
Is it required to take registration and pay GST on **MAINTENANCE CHARGES** if the amount of such charges is **MORE THAN ` 7,500/-** per month per member **BUT** their **ANNUAL TURNOVER IS LESS** than the prescribed threshold?	**NO.** **HAVE A LOOK AT THE SUMMARY CHART.**

Annual turnover of RWA	Monthly maintenance charge	Whether exempt?
More than ` 20 lakhs	More than ` 7,500/-	NO
	` 7,500/- or less	YES
`20 lakhs or less	More than ` 7,500/-	YES
	` 7,500/- or less	YES

IS THE RWA ENTITLED TO TAKE INPUT TAX CREDIT?	**YES**

Where **A PERSON OWNS TWO OR MORE FLATS** in the housing society or residential complex, whether the ceiling of ` 7,500/- per month per member on the maintenance for the exemption to be available shall be applied **PER RESIDENTIAL APARTMENT OR PER PERSON**?	The ceiling of ` 7,500/- per month per member **SHALL BE APPLIED SEPARATELY FOR EACH RESIDENTIAL APARTMENT** owned by him.
How should the RWA calculate GST payable where the maintenance charges exceed ` 7,500/- per month per member?  **Is the GST payable only on the amount exceeding ` 7,500/- or on the entire amount of maintenance charges?**	The exemption from GST on maintenance charges charged by a RWA from residents is available only if such charges do not exceed ` 7,500/- per month per member.  **In case the charges exceed ` 7,500/- per month per member, the entire amount is taxable.** For example, if the maintenance charges are ` 9,000/- per month per member, GST @18% shall be payable on the entire amount of ` 9,000/- and not on [` 9,000 - ` 7,500] = ` 1,500/-

VALUE OF SUPPLY
VALUATION INCLUSIVE OF ALL TAXES

HOW TO CALCULATE GST
$$\text{Tax Amount} = \left(\frac{\text{Value inclusive of tax}}{100 + \text{GST}}\right) \times \text{Rate of GST}$$

HOW TO CALCULATE VALUE OF SUPPLY
ALL INCLUSIVE VALUE – TAX AMOUNT = TAXABLE VALUE

VALUE OF SUPPLY
COST BASED VALUATION

WHEN OPEN MARKET VALUE IS NOT AVAILABLE
THE VALUE SHALL BE 110% **OF** THE COST OF PRODUCTION **OR** MANUFACTURE **OR** THE COST OF ACQUISITION OF SUCH GOODS **OR** THE COST OF PROVISION OF SUCH SERVICES.

VALUE OF SUPPLY
LOTTERY, BETTING, GAMBLING AND HORSE RACING

CASE 1	
SUPPLY OF LOTTERY RUN BY STATE GOVT.	**HIGHER OF THE TWO AMOUNTS TO BE DEEMED AS VALUE:** 100/112 OF THE FACE VALUE OF TICKET **OR** 100/112 OF THE PRICE AS NOTIFIED IN THE OFFICIAL GAZETTE BY THE ORGANISING STATE

CASE 2	
SUPPLY OF LOTTERY AUTHORISED BY STATE GOVT.	**HIGHER OF THE TWO AMOUNTS TO BE DEEMED AS VALUE:** 100/128 OF THE FACE VALUE OF TICKET **OR** 100/128 OF THE PRICE AS NOTIFIED IN THE OFFICIAL GAZETTE BY THE ORGANISING STATE.

CASE 3	
SUPPLY OF ACTIONABLE CLAIM **IN THE FORM OF CHANCE TO WIN IN BETTING, GAMBLING OR HORSE RACING IN A RACE CLUB**	**100% OF THE FACE VALUE** **OF THE BET OR THE AMOUNT PAID INTO TOTALISATOR**

VALUE OF SUPPLY
MOULDS AND DIES OWNED BY ORIGINAL EQUIPMENT MANUFACTURERS (OEM)

1) Moulds and dies owned by the original equipment manufacturer (OEM) which are provided to a component manufacturer (the two not being related persons or distinct persons) on FOC (FREE OF COST) basis does not constitute a supply as there is no consideration involved.

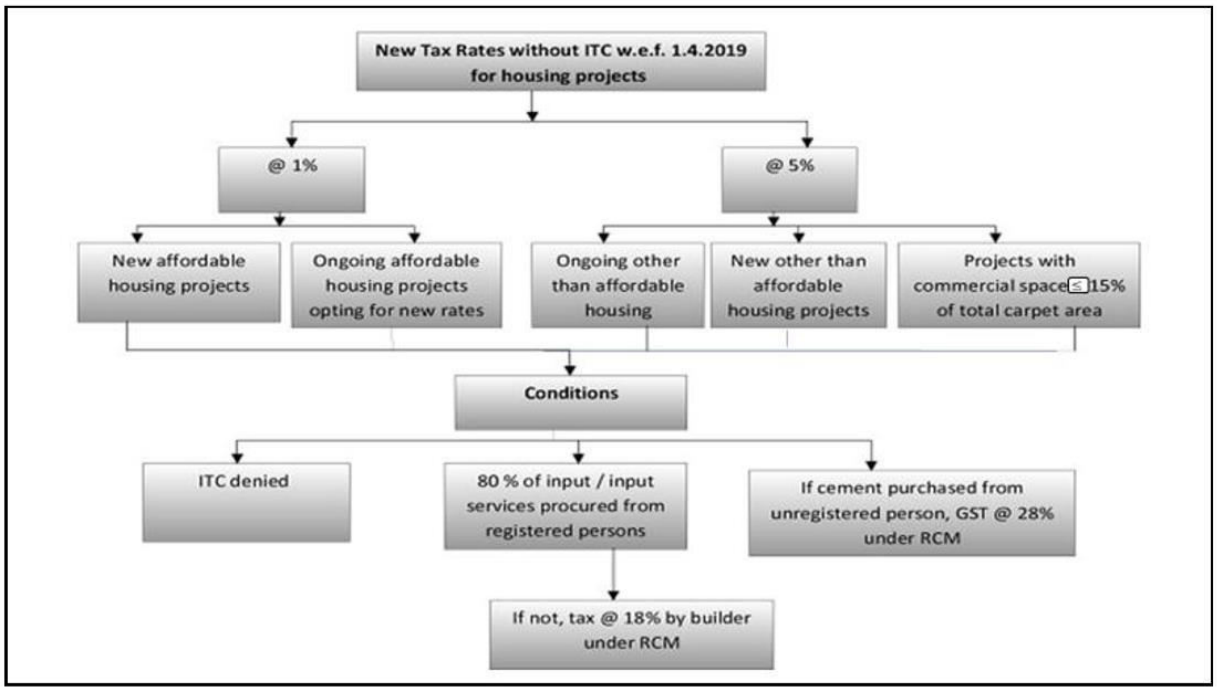
2) Further, since the moulds and dies are provided on FOC basis by the OEM to the component manufacturer in the course or furtherance of his business, there is no requirement for reversal of input tax credit availed on such moulds and dies by the OEM.

3) It is further clarified that while calculating the value of the supply made by the component manufacturer, the value of moulds and dies provided by the OEM to the component manufacturer on FOC basis shall not be added to the value of such supply because the cost of moulds/dies was not to be incurred by the component manufacturer and thus, does not merit inclusion in the value of supply in terms of section 15(2)(b) of the Central Goods and Services Tax Act, 2017 (CGST Act for short).

4) However, if the contract between OEM and component manufacturer was for supply of components made by using the moulds/dies belonging to the component manufacturer, but the same have been supplied by the OEM to the component manufacturer on FOC basis, the amortised cost of such moulds/dies shall be added to the value of the components.

5) In such cases, the OEM will be required to reverse the credit availed on such moulds/ dies, as the same will not be considered to be provided by OEM to the component manufacturer in the course or furtherance of the former's business.

VALUE OF SUPPLY
REAL ESTATE SECTOR



1% WITHOUT INPUT TAX CREDIT (ITC) ON CONSTRUCTION OF AFFORDABLE HOUSES SHALL BE AVAILABLE FOR:

 Houses having area of 60 sqm in metros/90 sqm in non-metros and value upto ₹45 lakhs

 Under construction affordable houses presently eligible for concessional rate of 8% GST (after 1/3rd land abatement)

5% WITHOUT INPUT TAX CREDIT SHALL BE APPLICABLE ON CONSTRUCTION OF:

 Under construction houses other than affordable houses presently booked prior to or after 01.04.2019. For houses booked prior to 01.04.2019, new rate shall be available on instalments payable on or after 01.04.2019.

 Commercial apartments having carpet area of not more than 15% of total carpet area of all apartments.

CONDITIONS FOR THE NEW TAX RATES:

 At least 80% of the material to be procured from registered dealers. Further, on shortfall of purchases from 80%, tax shall be paid by the builder @ 18% on RCM basis.

 However, Tax on cement purchased from unregistered person shall be paid @ 28% under RCM, and on capital goods under RCM at applicable rates.

 Input tax credit shall not be available.

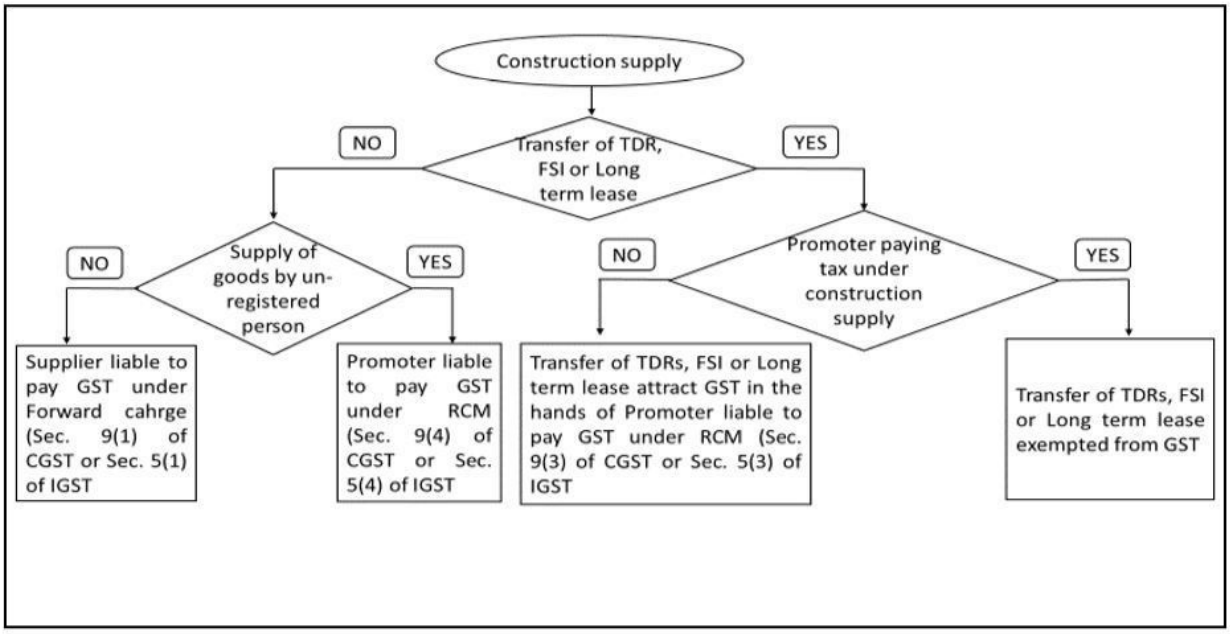
SUPPLY OF TDR/FSI/LONG TERM LEASE

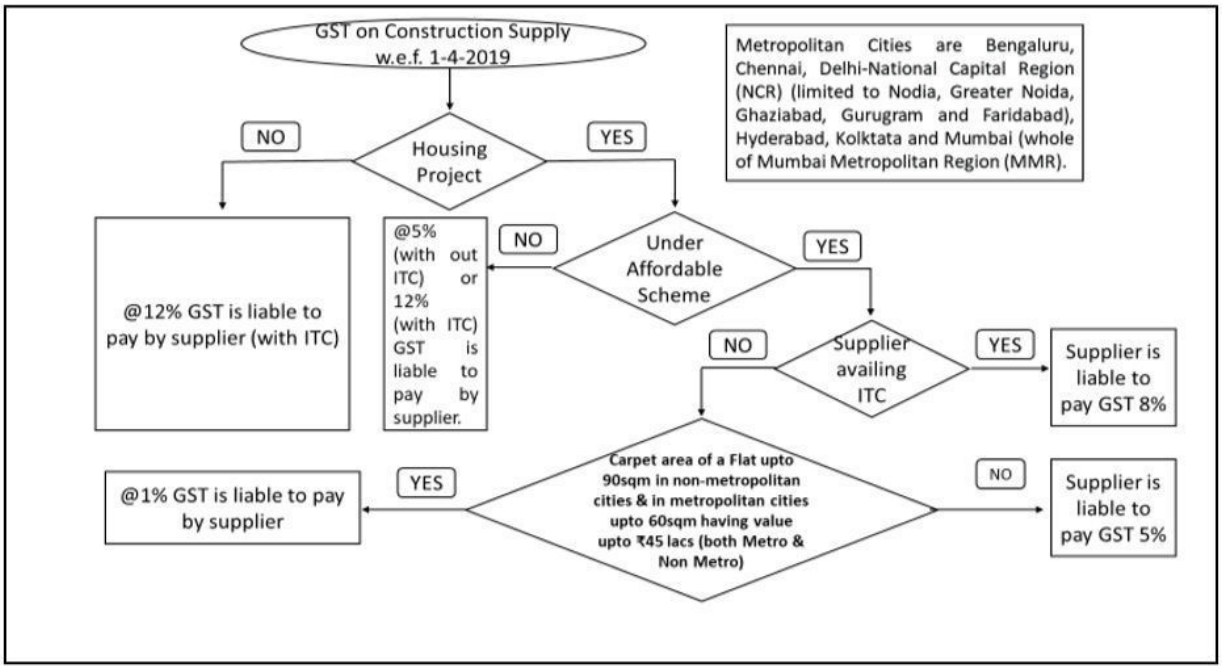
The supply of TDR, FSI, long term lease (premium) of land by a land owner to a developer shall be exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them. Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses.

The liability to pay tax on TDR, FSI, long term lease (premium) shall be shifted from landowner to builder under the Reverse Charge Mechanism (RCM).

The date on which builder shall be liable to pay tax on TDR, FSI, long term lease (premium) of land under RCM in respect of flats sold after completion certificate is being shifted to date of issue of completion certificate.

The liability of builder to pay tax on construction of houses given to land owner in a JDA is also being shifted to the date of completion.

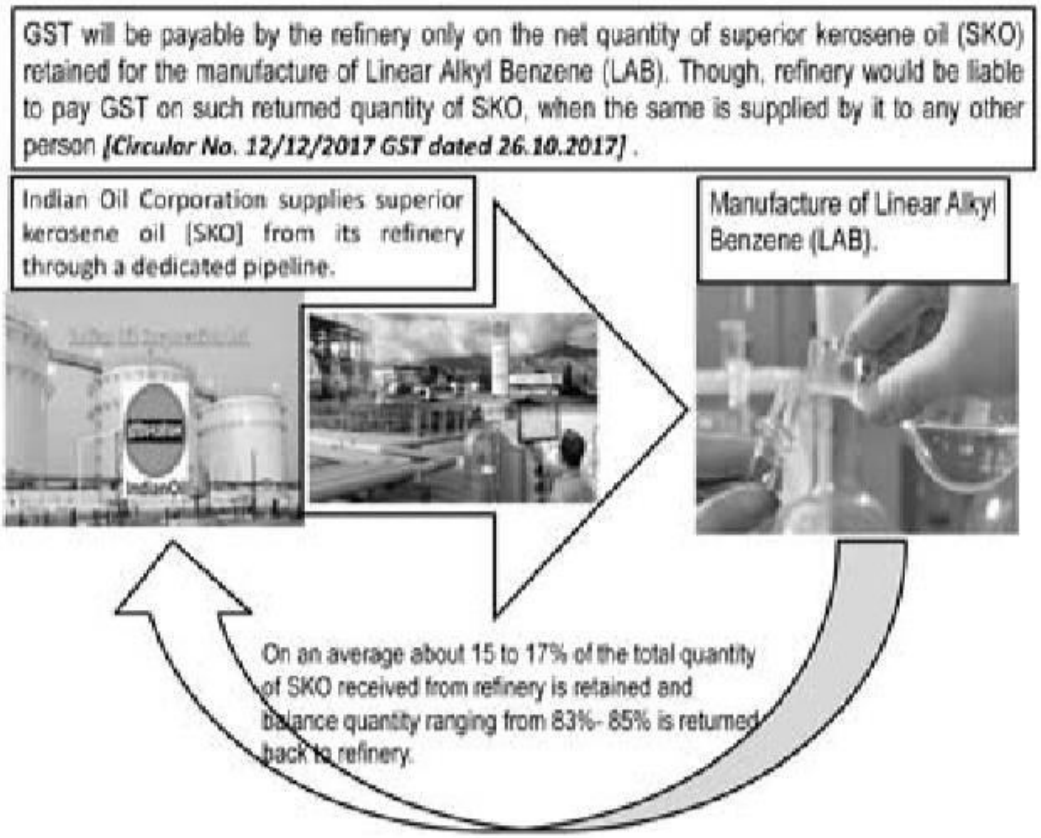



GST on Construction Supply w.e.f. 1-4-2019
Metropolitan Cities are Bengaluru, Chennai, Delhi-National Capital Region (NCR) (limited to Nodia, Greater Noida, Ghaziabad, Gurugram and Faridabad), Hyderabad, Kolktata and Mumbai (whole of Mumbai Metropolitan Region (MMR).
Housing Project
NO
YES
@12% GST is liable to pay by supplier (with ITC)
@5% (with out ITC) or 12% (with ITC) GST is liable to pay by supplier.
NO
Under Affordable Scheme
YES
NO
Supplier availing ITC
YES
Supplier is liable to pay GST 8%
Carpet area of a Flat upto 90sqm in non-metropolitan cities & in metropolitan cities upto 60sqm having value upto ₹45 lacs (both Metro & Non Metro)
YES
@1% GST is liable to pay by supplier
NO
Supplier is liable to pay GST 5%

VALUE OF SUPPLY
SUPERIOR KEROSENE OIL

Whether GST is applicable on the superior kerosene oil [SKO] retained for the manufacture of Linear Alkyl Benzene [LAB]?

Facts of the case: Linear Alkyl Benzene (LAB) manufacturers have stated that they receive superior Kerosene oil (SKO) from, a refinery, say, Indian Oil Corporation (IOC). They extract n- Paraffin from SKO and return back the remaining of SKO to the refinery. In this context, the issue has arisen as to whether in this transaction GST would be levied on SKO sent by IOC for extracting n-paraffin or only on the n-paraffin quantity extracted by the LAB manufactures. Further, doubt have also been raised as to whether the return of remaining Kerosene by LAB manufactures would separately attract GST in such transaction.



VALUE OF SUPPLY
TREATMENT OF TCS

CENTRAL GOVERNMENT VIDE CORRIGENDUM TO CIRCULAR NO. 76/50/2018-GST, DATED 31ST DECEMBER, 2018	
Circular 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 includible** as it is an interim levy not having the character of tax.

VALUE OF SUPPLY
VALUATION BASED ON OPEN MARKET VALUE OF SUCH SUPPLY

OPEN MARKET VALUE

SUPPLIER AND RECEIVER ARE NOT RELATED	
WHEN THE **TRANSACTION VALUE** **IS NOT AVAILABLE** OR IT IS NOT MATCHING THE OPEN MARKET VALUE	**OPEN MARKET VALUE** WILL BE **TAXABLE VALUE**
The value of consideration which is non-monetary terms shall be determined in monetary terms. **The said value shall be added to the value in monetary terms in determination of value of supply.**	

VALUE OF SUPPLY
VALUATION BASED ON LIKE KIND & QUALITY

LIKE KIND AND QUALITY

WHEN OPEN MARKET VALUE IS NOT AVAILABLE	
WHEN THE **OPEN MARKET VALUE** **IS NOT AVAILABLE**	VALUE OF SUPPLY SHALL BE OF **LIKE KIND AND QUALITY**

FACTORS DETERMINING LIKE KIND AND QUALITY			
GOODS OR SERVICES OF SAME KIND AND QUALITY	IDENTICAL OR SIMILAR NATURE	SIMILAR CIRCUMSTANCES	COMPARISON OF VARIOUS FACTORS

VALUE OF SUPPLY
TRANSACTION BETWEEN RELATED AND DISTINCT PERSON
(OTHER THAN AGENT)

IF THE RECEIVER IS NOT MAKING FURTHER SUPPLY		
OPTION 1 **OPEN MARKET VALUE** IF AVAILABLE	**OPTION 2** **LIKE KIND AND QUALITY,** IF OPEN MARKET VALUE IS NOT AVAILABLE	**OPTION 3** **COST BASED VALUATION**

IF THE RECEIVER IS MAKING FURTHER SUPPLY
VALUE SHALL BE **90% OF THE PRICE CHARGED** OF THE SUPPLY **OF GOODS OF LIKE KIND AND QUALITY** BY THE RECIPIENT **TO HIS CUSTOMER** NOT BEING A RELATED PERSON

VALUE OF SUPPLY
TRANSACTION BETWEEN PRINCIPAL & AGENT

IF THE AGENT IS NOT MAKING FURTHER SUPPLY		
OPTION 1 **OPEN MARKET VALUE** IF AVAILABLE	**OPTION 2** **LIKE KIND AND QUALITY,** IF OPEN MARKET VALUE IS NOT AVAILABLE	**OPTION 3** **COST BASED VALUATION**

IF THE AGENT IS MAKING FURTHER SUPPLY
VALUE SHALL BE **90% OF THE PRICE CHARGED** OF THE SUPPLY **OF GOODS OF LIKE KIND AND QUALITY** BY THE RECIPIENT **TO HIS CUSTOMER** NOT BEING A RELATED PERSON

VALUE OF SUPPLY
PURE AGENT SERVICES

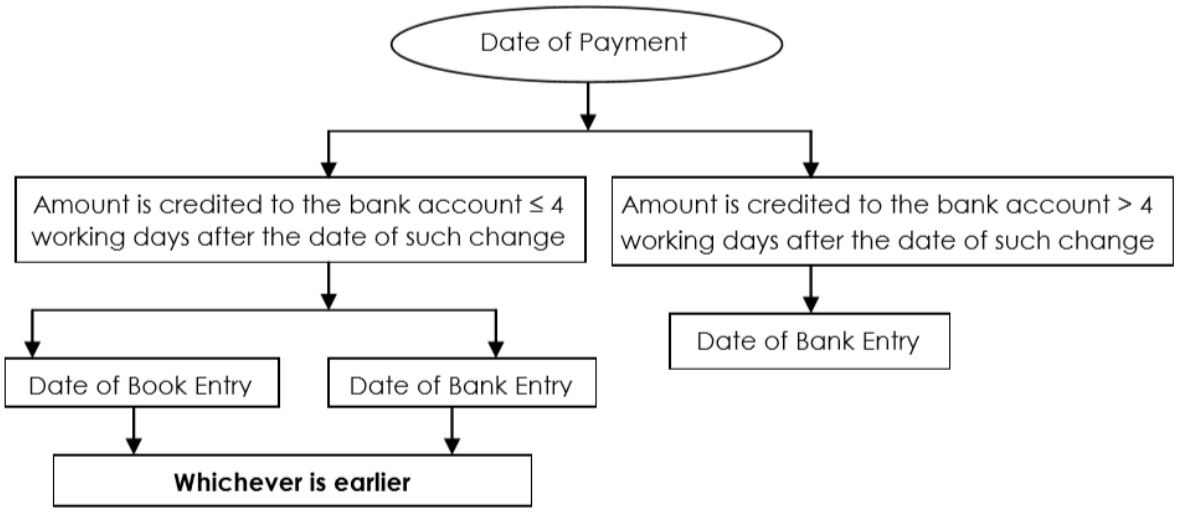
WHO IS PURE AGENT?			
PURE AGENT MEANS A PERSON WHO			
ENTERS INTO A CONTRACTUAL AGREEMENT WITH THE RECIPIENT OF SUPPLY **TO ACT ON THEIR BEHALF AND** INCUR EXPENDITURE OR COSTS IN THE COURSE OF SUPPLY	NEITHER INTENDS TO HOLD NOR HOLDS ANY TITLE TO THE GOODS OR SERVICES (OR BOTH) PROCURED ON BEHALF OF OR PROVIDED TO THE RECIPIENT OF SUPPLY	DOES NOT USE THE GOODS OR SERVICES SO PROCURED FOR HIS OWN INTEREST	**RECEIVES ONLY THE ACTUAL AMOUNT INCURRED** TO PROCURE SUCH GOODS OR SERVICES

THE EXPENDITURE OR COSTS INCURRED BY A SUPPLIER AS A PURE AGENT OF THE RECIPIENT OF SUPPLY SHALL BE EXCLUDED FROM THE VALUE OF SUPPLY, IF ALL THE FOLLOWING CONDITIONS ARE SATISFIED NAMELY		
THE SUPPLIER ACTS AS A PURE AGENT OF THE RECIPIENT OF THE SUPPLY	PAYMENT MADE BY PURE AGENT ON BEHALF OF SERVICE RECEIVER SHOULD BE SEPARATELY INDICATED IN INVOICE	SUPPLY PROCURED BY THE PURE AGENT FROM THE THIRD PARTY SHOULD BE IN ADDITION TO THE SERVICES HE SUPPLIES ON HIS OWN ACCOUNT

VALUE OF SUPPLY
CHANGE IN RATE OF TAX

S. No.	Supply is completed before the change in rate of tax	Invoice issued before the date of change in tax	Payment received before the date of change in tax rate	Time of supply NT 66/2017-CT dated 15.11.2017)	Applicable rate of tax
1.	Yes	No	No	Date of issue of Invoice	New Rate of Tax
2.	Yes	Yes	No	Date of issue of invoice	Old Rate of tax
3.	Yes	No	Yes	Date of issue of Invoice	Old Rate of tax
4.	No	Yes	Yes	Date of issue of Invoice	Old Rate of Tax
5.	No	Yes	No	Date of issue of Invoice	New Rate of tax
6.	No	No	Yes	Date of issue of Invoice	New Rate of tax

DATE OF RECEIPT OF PAYMENT IN CASE OF CHANGE IN RATE OF TAX



QUESTION 1. *Computation of value of taxable supply:* From the following information determine the value **of** taxable supply as per provisions of Section 15 of the CGST Act, 2017? (T)

Contracted value of supply of goods (including GST @ 18%)	11,00,000
The contracted value of supply includes the following :	
(1) Cost of primary packing	25,000
(2) Cost of protective packing at recipient's request for safe transportation	15,000
(3) Design and engineering charges	85,000
Other information:	
(i) Commission paid to agent by recipient on instruction of supplier	5,000
(ii) Freight and insurance charges paid by recipient on behalf of supplier	75,000

Give reasons with suitable assumptions where necessary.

Solutio: **Computation of value of taxable supply of goods** *(amount in`)*

Contracted value of supply of goods			11,00,000
(1) Cost of primary packing	[WN-1]	-	
(2) Cost of protective packing at recipient's request for safe transportation	[WN-lj	-	
(3) Design and engineering charges	[WN-2]	-	
Add: Commission paid to agent by recipient on instruction of supplier	[WN-3]	5,000	
Freight and insurance charges paid by recipient on behalf of supplier	[WN-3]	75,000	80,000
Cum tax value			**11,80,000**
Less: GST @ 18% [`11,80,000 * 18-1181	[WN-4]		1,80,000
Value of taxable supply			**10,00,000**

QUESTION 2. *Computation of value of taxable supply:* From the following information determine the value oftaxable supply as per provisions of Section 15 of the CGST Act, 2017?

Value of machine (including GST @ 12%)	15,00,000
The 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

Give reasons with suitable assumptions where necessary.

Solution:**Computation of Value of taxable supply of goods** *(amount in `):*

Value of machine		15,00,000
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]	24,000	-24,000
Add: Subsidy received from third party for timely supply of machine to recipient [WN-4]		50,000
Cum tax value		15,26,000
Less: GST @ 12% [`15,26,000 x 12 -1121 [WN-51		1,63,500
Value of taxable supply		13,62,500

QUESTION 3.*Value of taxable supply - Section 15:*Comfort footwear, a registered supplier of Agra, has a nonmoving stock worth`8,00,000 of a particular variety of shoes that are out of fashion. It has not been able to find market inspite of huge discounts offered. Subsequently, it was able to sell this stock at a very low price of`5,00,000 to a retailer in Madhya Pradesh with a condition that the retailer would display hoardings of Comfort Footwear in all their retail outlets in the State. Determine the value of supply.

Solution:In this case the supplier and recipient are not related persons. Although a condition is imposed on the recipient on effecting the sale, such a condition has no bearing on the contract price. This is a case of distress sale, and in such a case, it cannot be said that the supply is lacking 'sole consideration'. Therefore, the price of`5,00,000 will be accepted as value of supply.

QUESTION 4.*Computation of value of taxable supply and tax payable* : Determine the value of taxable supply as per Section 15 of the CGST Act* 2017 and the Rules thereof : (`)

Contracted sale price of goods (including CGST and SGST @ 5%) The contracted sale price includes the following elements of cost:	10,56,000
(i) Cost of drawings and design	5,000
(ii) Cost of primary packing	2,000
(iii) Cost of packing at buyer's request	4,000
(iv) Freight and insurance from 'place of removal' to buyer's premises	43,000

A discount of`6,000 was given by the supplier at the time of supply of goods. CGST and SGST is levied @ 5%.

***Solution:* Computation of Value of taxable supply *(amount in`)* —**

Contracted sale price of goods		10,56,000
Discount [WN-2]	6,000	6,000
Cum tax value		**10,50,000**
Less: GST @ 5% [`10,50,000 *5-105] [WN-3]		50,000
Value of taxable supply		**10,00,000**

QUESTION 5.*Post supply discounts:* Kaya Trade Links Pvt. Ltd. is a registered manufacturer of premium ceiling fans. It sells its fans exclusively through distributors appointed across the country. The maximum retail price (MRP) printed on the package of a fan is`10,000. The company sells the ceiling fans to distributors at`7,000 per fan (exclusive of applicable taxes). The applicable rate of GST on ceiling fans is 18%.

The stock is dispatched to the distributors on quarterly basis - stock for a quarter being dispatched in the second week of the month preceding the relevant quarter. However, additional stock is dispatched at any point of the year if the company receives a requisition of that effect from any of its distributors. The company charges`1,000 per fan from distributors towards packing expenses.

The company has a policy of offer a discount of 10% (per fan) on fans supplied to the distributors for a quarter, if the distributors sell 500 fans in the preceding quarter. The discounts is offered on the price at which the fans are sold to the distributors (excluding all charges and taxes).

The company appoints Prakash Sales as a distributor on 1st April and dispatches 750 fans on 8th April as stock for the quarter April-June. Prakash Sales places a purchase order of 1,000 fans with the company for the quarter July-September. The order is dispatched by the company on 10th June and the same is received by the distributor on 18th June. The distributor makes the payment for the fans on 26th June and avails

applicable input tax credit. The distributor reports sales of 700 fans for the quarter April-June and 850 fans for the quarter July-September. Examine the scenario with reference to Section 15 of the CGST Act, 2017 and compute the taxable value of fans supplied by Kaya Trade Links Pvt. Ltd. to Prakash Sales during the quarter July-September.

Note : Make suitable assumptions, wherever necessary. ***(MTP May, 2018)***

Solution: As per Section 15(3) of CGST Act, 2017, the value of the supply shall not include any discount which is given-
(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and
(b) after the supply has been effected, if—
(i) 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
(ii) 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.

Nature of discount - Post supply discount: In the given case, Prakash Sales is entitled for 10% discount on fans supplied by Kaya Trade Links Pvt. Ltd. for the quarter July-September as it has sold more than 500 fans in the preceding quarter April-June. However, since the entire stock for the quarter July-September has already been despatched by Kaya Trade Links Pvt. Ltd. in the month of June, the discounts on the fans supplied to Prakash Sales for the quarter July-September will be a post-supply discount.

Allowability of discount on assumption of reversal of ITC by Recipient : Such post-supply discount will be allowed as a deduction from the value of supply since the discount policy was known before the time of such supply and the discount can be specifically linked to relevant invoices (invoices pertaining to fans supplied to Prakash Sales for the quarter July-September) provided Prakash Sales reverses the input tax credit attributable to the discount on the basis of document issued by Kaya Trade Links Pvt. Ltd.

The value of supply will thus, be computed as under *(amount in `):*

Price at which the fans are supplied to Prakash Sales [WN-1] *Add:* Packing expenses [WN-2] *Less:* Discount [WN-3]	7,000 1,000 -700
Value of taxable supply of one unit of fan	**7,300**
Value of taxable supply of fans for the quarter July-September [`7,300 * 1,000]	**73,00,000**

QUESTION 6. *Value of taxable supply - Section 15* : XYZ Pvt. Ltd. has provided the following particulars relating to goods sold by it to ABC Pvt. Ltd.

Particulars	
List price of the goods (exclusive of taxes and discounts)	1,25,000

Tax levied by Municipal Authority on the sale of such goods	15,000
CGST and SGST chargeable on the goods	19,200
Packing charges (not included in price above)	15,500

XYZ Pvt. Ltd. received`9,500 as a subsidy from a Non profit making organisation in respect of timely supply of such goods. The price of`1,25,000 of the goods is after considering such subsidy. XYZ Ltd. offers 4% discount on the list price of the goods which is recorded in the invoice for the goods.
Determine the value of taxable supply made by XYZ Pvt. Ltd.

Solution: **Computation of value of taxable supply *(amount in`)*:**

List price of the goods (exclusive of taxes and discounts)		1,25,000
Add: Tax levied by Municipal Authority on the sale of such goods	[WN-1]	15,000
CGST and SGST chargeable on the goods	[WN-1]	-
Packing charges	[WN-2]	15,500
Subsidy received from a non-Government body *[Since Government subsidy is received from a non the same is included in the body, value in terms of Section 15(2)(e)]*		9,500
Total		**1,65,000**
Less: Discount @ 4% on`1,25,000	[WN-3]	5,000
Value of taxable supply		**1,60,000**

QUESTION 7.*Value of taxable supply - Section 15 :* Floral Advertisers conceptualised and designed the advertising campaign for a new product launched by Jupiter Stampings Pvt. Ltd. for a consideration of`25,00,000. Floral Advertisers owed`4,50,000 to one of its vendors in relation to the advertising service provided by it to Jupiter Stampings Pvt. Ltd. Such liability of Floral Advertisers was discharged by Jupiter Stampings Pvt. Ltd. Jupiter Stampings Pvt. Ltd. delayed the payment of consideration and thus, paid`50,000 as interest. Assume the rate of GST to be 18%.
Determine the value of taxable supply made by Floral Advertisers.

Solution: Computation of value of taxable supply ***(amount in `)*:**

Service charges	25,00,000
Payment made by Jupiter Stampings Pvt. Ltd to vendor of Floral Advertisers *[Liability of the supplier being discharged by the recipient, is includible in the value in terms of section 15(2)(b)]*	4,50,000
Interest for delay in payment of consideration *[Includible in the value in terms of section 15(2)(d)] [WN]*	42,373

Value of taxable supply	29,92,373

QUESTION 8.*Value of taxable supply - Section 15 :* Supreme Foods Pvt. Ltd. gets an order for supply of processed food from Hotelia Ltd.. Hotelia Ltd. wants the consignment tested for gluten or specified chemical residues. Supreme Foods Pvt. Ltd. does the testing and charges a testing fee of`15,000 from the Hotelia Ltd.. Supreme Foods Pvt. Ltd. argues that such testing fess should not form part of the consideration for the sale as it is a separate activity. Is its argument correct in the light of Section 15?

Ans: Section 15(2) mandates the addition of certain elements to transaction value to arrive at taxable value. Section 15(2) (c) specifies that amount charged for anything done by the supplier in respect of the supply at the time of or before delivery of goods or supply of services shall be included in taxable value.
Since Supreme Foods Pvt. Ltd. does the testing before the delivery of goods, the charges therefor will be included in the taxable value. Therefore, Supreme Foods Pvt. Ltd.'s argument is not correct. The testing fee of T 15,000
should be added to the price to arrive at taxable value of the consignment.

QUESTION 9.*Value of taxable supply - Subsidy received to be added in value of taxable supply:* Vikash Charitable Institution makes a substantial donation each year to a reputed private management institution to subsidise the education of low income group students who have gained admission there. The fee for these individuals is reduced thereby, coming to`1 lakh a year compared to T 4 lakh a year for other students. What would be the taxable value of the service of coaching and instruction provided by the institution?

Ans: As per Section 15(2) (e), the value of a supply includes subsidies directly linked to the price, excluding State Government and Central Government subsidies. In this case, the subsidy is not from the Government but is from
a charitable institution. Therefore, the subsidy is to be added back to the price to arrive at the taxable value, which comes to`4 lakh a year.

QUESTION 10. *Value of taxable supply - Interest waived cannot be added in value of taxable supply:* Floral advertising, an advertising firm, gives an interest-free credit period of 30 days for payment by the customer. One of its customer paid for the supply 40 days after the supply of service. Floral advertising waived the interest payable for delay of ten days. The Department wants to add interest for ten days as per contract. Should notional interest be added to the taxable value?

Ans: This is a supply that is valued as per transaction value under Section 15(1) as the price is the sole consideration for the supply and the supply is made to unrelated person. The concept of transaction value has been expanded to include certain

elements like interest which are actually payable. Once waived, the interest is not payable and is therefore, not to be added to transaction value.

QUESTION 11. ***Value of taxable supply*** *- Post supply discounts not known at the time of supply cannot be added in value of taxable supply:* Leather Products Ltd. sells shoes its dealers, to whom it charges the list price minus standard discount and pays GST accordingly. When such shoes remain unsold with the dealers, it offers additional discounts on the stock as an incentive to push the sales. Can this additional discount be reduced from the price at which the goods were sold and concomitant tax adjustments made?

Ans:The discounts were not known or agreed at the time of supply of goods to the dealers. Therefore, such discounts cannot be reduced from the price on which tax had been paid in terms of Section 15(3).

QUESTION 12. *Extra-units/Quantity of the same product - GST liability :* M/s. ILP Ltd. is a manufacturer of sharbat. It sells sharbat in bottles to various retail shop-keepers and gives 25 bottles free along with purchase of every 100 bottles. The MRP indicated on each bottle is T 200 per bottle. The transaction value is`160 per bottle. During a month, M/s. ILP Ltd. sold 1,00,000 bottles and gave away 25,000 bottles free to the retail shop-keepers. Compute the amount of GST payable by M/s. ILP Ltd. GST rate is 18%.

Solution: Offering of extra quantity of the same product is to be treated in the nature of discount. This discount or value of free article/ extra quantity of the same product which is known at the time of recognition of supply shall not be included in the transaction value of supply so as to compute GST liability. Thus, no GST is required to be paid on the notional value of the extra units/quantity of the product being offered as promotional tool as is in the nature of discount.

It has been clarified *vide* Circular No. 9^11/2019-GST, dated 07-03-2019 that as per Section 7(l)(a) of the said Act, the goods or services which are supplied free of cost (without any consideration) shall not be treated as 'supply' under GST (except in case of activities mentioned in Schedule I of the said Act). It may appear at first glance that in case of offers like 'Buy One, Get One Free', one item is being 'supplied free of cost' without any consideration. In fact, it is not an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one. Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the said Act.

In the present case, the sale is for the gross quantity (1,25,000) at the net price (`160 per bottle on 1 lakh bottles) and the claimed free supply (25,000 bottles). Accordingly, the computation of GST payable is as shown below *(amounts in* `):

No. of bottles on which GST payable (A) Transaction value per bottle (B) Total transaction value on which GST is payable (C) = (A) * (B)	1,00,000 160 1,60,00,000
GST liability @ 18% (D = C x 18%)	**28,80,000**

QUESTION 13. *Discounts, free samples etc and GST Liability :* M/s. Dental Care Ltd. has introduced a new product 'CLOVE' toothpaste. Determine the GST payable if rate of tax is 18% on tooth paste and tooth brush :

(i) 1,000 pieces having retail sale price (RSP) f 70 per piece are sold in retail packages to wholesale dealer at`50 per piece.

(ii) 2 ,500 pieces having RSP`70 per piece are sold in retail packages, but buyer is charged for 2,400 pieces only at`50 per piece (100 pieces have been given free as quantity discount).

(iii) 50 pieces were given away as free samples, without any RSP on the pack.

(iv) 200 multi-packs were cleared at`90 per pack, each containing two toothpaste tubes and one toothbrush free (without any RSP on it).

The amount charged from the dealers/buyers are exclusive of GST.

Solution: The GST payable is as computed below *(amount in`)*-

(i)	1,000 pieces at transaction value of`50 per piece *(Retail sale price is not relevant as value for the purpose of calculating GST liability is the transaction value charged from the buyers)*	50,000
(ii)	2,400 pieces at transaction value of`50 per piece *(Offering of extra quantity of the same product is to be treated in the nature of discount. This discount or value of free article /extra quantity of the same product which is known at the time of recognition of supply shall not be included in the transaction value of supply so as to compute GST liability.)*	1,20,000
(iii)	Samples : 50 pieces are given free of cost *[The goods or services or both which are supplied free of cost (without any consideration) shall not be treated as 'supply' under GST (except in case of activities mentioned in Schedule I of the said Act), hence no GST is payable]* - Circular No. 9^11/2019-GST, dated 07-03-2019.	
(iv)	Multi-packs : 200 packs at transaction value of`90 per pack *(It has been clarified vide Circular No. 92/1I/2019-GST, dated 07-03-2019, it is not an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one. Taxability of such supply will be*	18,000
	dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the said Act. Since GST rate on tooth paste and tooth brush is 18%, hence 18% rate will be applicable.)	
	Total Transaction value	**1,88,000**

	GST payable @ 18%	**33,840**

QUESTION 14. *Computation of Value of taxable supply of goods - Rule 27:* Mr. X purchases an Apple i-phone open market value`80,000 from registered mobile dealer, in exchange of his existing mobile phone. The registered mobile dealer agreed to accept`72,000 instead of his quote of`75,000, as he would still be in a profitable position *(the old mobile phone can be sold for`10,000)*. Determine GST implications of such transaction.

Solution: As per Rule 27 of CGST Rules, 2017, where the price is not the sole consideration for the supply, the 'open market value' would be the value of the supply. Therefore,`80,000 would be the value of the supply.
As per Notification No. 10/2017-CT (Rate) dated 28-06-2017 w.e.f. 01-07-2017, the Central Government has exempted intra-State supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods and who pays the central tax on the value of outward supply of such second hand goods as determined under Rule 32(5) of the CGST Rules, 2017, from any supplier, who is not registered, from the whole of the central tax leviable thereon under Section 9(4) of the CGST Act, 2017.
Hence, the registered mobile dealer would not be liable for paying GST on receipt of the old mobile phone from Mr. X.

QUESTION 15. *Computation of Value of taxable supply - Rule* 27 **:** Mr. S supplied goods 'X' to Mr. R for consideration of`5,00,000 (excluding taxes). Mr. R also gave some material to Mr. S as consideration for such supply whose value was`20,000 (excluding taxes). Mr. S has supplied the same goods to another person at price of`5,71,200 (including GST @ 12%). Determine the value of supply.
What would your answer be if price of`5,71,200 is not available at the time of supply of goods to Mr. R.
What would your answer be in above case if open market value of supply is also not available but at the time of supply of goods by Mr. S, identical goods have been supplied at value of`5,25,000 (excluding taxes).

Solution: As per Rule 27 of CGST Rules, 2017, where the supply of goods or services is for a consideration not wholly in money, the value of the supply shall, —
(a) be the open market value of such supply;
(b) if open market value is not available, be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money if such amount is known at the time of supply;
(c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality;
"**Open market value**" of a supply of goods or services or both means—
> the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction,

> where the supplier and the recipient of the supply are not related and price is the sole consideration
> to obtain such supply at the same time when the supply being valued is made.

Determination of value of taxable supply in different situations :
(1) The value of taxable supply shall be the open market value. The open market value shall be determined as under: *(amount in `)*

Price charged from independent recipient	5,71,200 61,200
Less: GST included in the above price [`5,71,200 x 12 112] **Open market value of supply of goods under consideration**	**5,10,000**

Thus, the value of taxable supply shall be`5,10,000.

(2) If open market value is not available, the value of taxable supply shall be determined as under: *(amount in*

nsideration in Money	5,00,000 20,000
Value of Non monetary Consideration - Value of Goods known at time of supply **Value of taxable supply**	**5,20,000**

(3) In such case, the value of supply shall be the value of supply of goods of like kind and quality *i.e.,*`5,25,000 will be the value of supply of goods under consideration.

QUESTION 16. *Computation of value of taxable supply and tax payable:* Compute the value of taxable supply and GST payable from the following information : ABC Ltd. manufactured school bags. During the month of August 2019, XYZ Ltd. purchased 500 bags at the contracted price of`1,000 per bag (excluding GST and discount) from ABC Ltd. XYZ Ltd. supplied chains used in the manufacturing of the bags to ABC Ltd. without consideration as per instruction of ABC Ltd. The open market value of the chains so supplied was`50 per chain. Also a discount of`20 per bag was given by the supplier at the time of the supply and same has been duly recorded in the invoice issued in respect of such supply. GST rate is 18%.
Give reasons with suitable assumptions.

Solution: **Computation of Value of taxable supply** *(amount in `):*

Contracted sale price of goods [`1,000 x 500]		5,00,000
Add: Open market value of supply of chains [`50 x 500]	[WN-1]	25,000
Less: Discount f `20 x 500]	[WN-2]	-10,000
Value of taxable supply		**5,15,000**
GST payable @ 18%		**92,700**

QUESTION 17. *Value of taxable supply :* Somesh & Co. provides technical consultancy to a group of companies for an annual retainership fee of`25 lakh. It is given a room in the head office of the group for its exclusive use. Somesh & Co. pays GST on the amount of ^ 25 lakh. Is the value for the service provided by Somesh & Co., correct under GST laws? If not, please elaborate:

Solution: The value of`25 lakhs for the service provided by Somesh & Co., is not correct under GST laws. Somesh & Co. gets an office room free of cost, which is an additional non-monetary consideration for its services. The market value of the rent of the room must be added to the retainer fee ( `25 lakh) in order to arrive at the value of the taxable service provided by Somesh & Co, as per Rule 27 of the CGST Rules relating to valuation. [11] [11]

QUESTION 18. *Value of taxable supply - Section 15 :* Mr. X located in Jaipur purchases 2,000 drawing boxes for`2,00,000 from M/s. Stationers Ltd. (wholesalers) located in Delhi. Mr. X's son is an employee in M/s. Stationers Ltd. The price of each drawing box in the open market is`120. The supplier additionally charges`5,000 for delivering the goods to the recipient's place of business.

Solution: Mr. X and M/s. Stationers Ltd. would not be treated as related persons merely because the son of the recipient is an employee of the supplier, although such son and the supplier would be treated as related persons. (As they fall under deemed relationship of employer and employee).
Therefore, the transaction value will be accepted as the value; of the supply. The transaction value includes incidental expenses incurred by the supplier in respect of the supply up to the time of delivery of goods to the recipient. This means, the transaction value will be :`2,00,000 +`5,000 *i.e.*`2,05,000.

QUESTION 19. *Value in case of supply to related person - Rule 28 :* Jagatguru Textiles transfers stock of 15,000 metres of cloth (costing`15,00,000) requiring further processing before sale, from Bellary in Karnataka to its Bhilwara branch in Rajasthan. The Bhilwara branch, apart from processing its own goods, engages in processing of similar goods by other persons who supply the same variety of goods, and thereafter sells these processed goods to wholesalers. There are no other factories in the neighbouring area which are engaged in the same business as that of its Rajasthan unit. Goods of the same kind and quality are supplied in lots of 15,000 metres each time, by another manufacturer located in Rajasthan. The price of such goods is`14,00,000.

Solution: As per Section 25(4) of the CGST Act, 2017, a person who has obtained more than one registration, whether in one State or Union territory or more than one State' or Union territory shall, in respect of each such registration, be treated as distinct person for the purposes of this Act.
As per provisions of Section 7 read with Para 2 of Schedule I, transfer of goods between two registered units of the same person (having the same PAN) will be

treated as supply even if the transfer is made without consideration, as such persons will be treated as 'distinct persons' under the GST law.
The value of the supply would be the open market value of such supply. If this value cannot be determined, the value shall be the value of supply of goods of like kind and quality.
In this case, although goods of like kind and quality are available, the same may not be accepted as the Tike goods' since they are supplied by another manufacturer located in Rajasthan whose transportation cost are lower and thus less expensive in comparison to goods under consideration which were supplied from Karnataka. Therefore, the value of the supply would be taken at 110% of the cost, *i.e.,*`1650000 *(i.e.,* 110% * 15,00,000).

QUESTION 20. *Value in case of supply to related person - Rule 28:* M/s. Solid Fabricators owned by Kalyan is popularly known for assembly of large machines. M/ s. SS Fabricators (also owned by Kalyan) is engaged in fabrication of small machines. A factory contracts M/s. Solid Fabricators for fabrication of its machinery, for a fee of ^ 5,00,000. M/s. Solid Fabricators sub-contracts the work to M/ s. SS Fabricators for`4,00,000, and ensures supervision of the work performed by them. Generally, M/s. SS Fabricators charges a fixed sum of`1,200 per man hour to its clients; it spends 400 hours on this project. Determine value of supply.

Solution: Since M/s. Solid Fabricators and M/s. SS Fabricators are controlled by Mr. Kalyan, the two businesses will be treated as related persons. Therefore,`4,00,000 being the sub-contract price will not be accepted as transaction value. The value of the service would be the open market value being`480000 *(i.e.,* T 1,200 per hour x 400 hours).

QUESTION 21. *Value in case of supply to related person - Rule 28 :* GG Ltd. supplied printers from its establishment located in Maharashtra to its computer manufacturing unit in Rajasthan @`10,000 per unit. GG Ltd. supplied such printers during the same period to independent recipient @ 2 14,160 in market (including CGST and SGST @ 18%).
Determine the value of supply for GG Ltd. in accordance with the CGST Act, 2017 and the rules made thereof.

Solution: As per Section 25(4) of the CGST Act, 2017, a person who has obtained more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act. Hence, the value of the supply would be the open market value of such supply.
In this case the open market value shall be arrived as under : *(amount in `)*

Price charged from independent recipient	14,160
Less: GST included in the above price [`14,160 * 18 ^ 118]	2,160
Open market value of supply of goods under consideration	**12,000**

QUESTION 22. *Value in case of supply to related person - Rule 28 :* SS Ltd. manufactures a customized product 'A' at its unit in Madhya Pradesh and supplies it to its another establishment, located in Rajasthan. The Contracted sales price is`9,00,000. The cost of production of Product 'A' is T 10,00,000. SS Ltd. is the sole manufacturer of this product. Determine taxable value of supply and calculate CGST and SGST payable @5%.
Would your answer be different if the establishment in Jaipur is eligible to avail Input tax credit of GST payable by SS Ltd.

Solution: As per Section 25(4) of the CGST Act, 2017, a person who has obtained more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act. As SS Ltd. is the sole manufacturer of this product, hence the value of supply is to be determined as per Rule 28(c) read with Rule 30 of CGST Rules, 2017 *i.e.* 110% of the Cost of production =`10,00,000 x 110% =`1100000. GST payable shall be 5% of`11,00,000 =`11,00,000 x 5% =`55,000.
In second situation, if establishment in Jaipur is eligible to take Input tax credit, then value declared in invoice shall be taken to be open market value as per provisions of Rule 28 of CGST Rules, 2017. Hence, value of taxable supply shall be`9,00,000 and GST payable shall be 5% of`9,00,000 =`9,00,000 x 5% = 45,000.

QUESTION 23. *Value in case of supply to related person - Rule 28 :* Grasim Private Ltd. was the only Indian company making and selling a fibre *'A'* to companies, who used this as a raw material. However, the international prices of *'A'* dropped, and the companies began to import it rather than buying from Grasim Private Ltd. The promoters then set up another company, which had a manufacturing unit that could use 'A', with common directors and senior management for better integration of functionality. Grasim Private Ltd. began to supply 'A' to this related concern at low margins. The related concern was not eligible for full ITC. GST was paid on the price charged. Was the value adopted by Grasim Private Ltd. for supply of *'A'* to its related concern, correct? Elaborate.

Solution: The value adopted by Grasim Private Limited is not correct. As per provisions of Rule 28(3) of the CGST Rules, 2017, the invoice value could not be the basis of valuation for a supply made to a related person if the recipient is not eligible for full ITC. Under rule 28(a) of the CGST Rules relating to valuation, the open market value of fibre 'A' should be the value of the taxable supply of *'A'* to the related concern.
In this particular case, the open market value is likely to be the price of imported fibre 'A' plus customs duties, which should be adopted for valuation after excluding the component of IGST on import as per the definition of open market value in explanation (a) to the CGST Rules relating to valuation.

QUESTION 24. *Value of supply in case of supply through agents - Rule 29 :* Home Appliances Ltd. (Faridabad) has 15 agents located across the State of Haryana

(except Faridabad). The stock of vacuum cleaners is dispatched on Just-In-Time basis from Home Appliances Ltd. to the locations of the agents, based on receipt of orders from various dealers, on a fortnightly basis. Home Appliances Ltd. is also engaged in the wholesale supply of vacuum cleaners in Faridabad. An agent places an order for dispatch of 20 vacuum cleaners on 10-12-2019. Home Appliances Ltd. had sold 20 vacuum cleaners to a retailer in Faridabad on 8-12-2019 for`1,30,000. The agent effects the sale of the 20 units to a dealer who would effect the sales on MRP basis (*i.e.*, @`7,000/unit).

Solution: The law deems these supplies between the principal and agent to be supplies for the purpose of GST. Therefore, the transfer of goods by the principal (Home Appliances Ltd.) to its agent for him to effect sales on behalf of the principal would be deemed to be a supply although made without consideration. The value would be either the open market value, or 90% of the price charged by the recipient of the intended supply to its customers, at the option of the supplier. Thus, the value of the supply by Home Appliances Ltd. to its agent would be either`1,30,000, or`1,26,000 *(i.e.,* 90% * 7,000 * 20), based on the option chosen by Home Appliances Ltd.

QUESTION 25. *Determination of value of supply of services in relation to purchase or sale of foreign currency - Rule 32(2) (a):* M/s. Money Express Ltd., Jaipur is an authorised money changer registered under FEMA, 1999. It enters into the following transactions of money changing :

(1) Sold 10,000 US $ @ 1 US $ =`71
(2) Purchased 1,000 Euro @ 1 Euro = *X* 70
(3) Purchased 1,000 GBP @ 1 GBP =`99
(4) Sold 50,000 units of currency ABC @ 1 ABC =`15
(5) RBI reference rate for the various currencies at the relevant time :
1 US $ »`70
1 Euro =`71 1 GBP = ?100
(6) Sold 9680 US $ for 6,800 GBP

You are required to calculate value of taxable supply of service and tax thereon if all charges are exclusive of GST. Applicable GST rate - 18%.

Solution: The value of taxable supply of service shall be computed as follows *(amount in T):*

(1) Sale of 10,000 US $ (Selling Rate - RBI reference rate) ***** Units of foreign currency sold **= ?** (71 - 70) x 10,000	10,000
(2) Purchase of 1,000 Euro (RBI reference rate - Buying rate) x Units of foreign currency purchased of **= ?** (71 - 70) x 1,000	1,000
(3) Purchase of 1,000 GBP = ? (100 - 99) x 1,000	1,000
(4) Sold 50,000 units of currency ABC = 50,000 x`15 x \ % ***(1% of the gross amount of currency exchanged in Indian Rupees)***	7,500

(5) Direct conversion of GBP into US $ [Value of Service = 1% of (Lower of 'Amount 1 or Amount 2') Amount 1 = 9,680 US $ x`70 =`6,77,600 Amount 2 = 6,800 GBP x *x* 100 =`6,80,000	6,776
Total value of taxable supply	**26,276**
CGST @ 9% SGST @ 9%	2,365 2,365
Total GST payable	**4,730**

QUESTION 26. *Valuation u/r 32(2)(b) in case of money changing:* M/s. MNO Ltd., Delhi is an authorised money changer registered under FEMA, 1999. It has entered the following transaction of supply of money changing :

(1) 600 transactions of conversion of Dollar into Indian Rupees of *X* 20,000 per transaction;

(2) 500 transactions of conversion of Dollar into Indian Rupees of *X* 1 lakh per transaction;

(3) 200 transactions of conversion of Indian Rupee in Dollar of *X* 5 lakhs per transaction;

(4) 100 transactions of conversion of Euro into Indian Rupee of *X* 500 lakhs per transaction;

(5) 300 transactions of conversion of Dollar into Euro of *X* 100 lakhs per transaction;

Compute the value of taxable supply and GST payable where M/s. MNO Ltd. opted for option u/r 32(2)(b) of CGST Rules, 2017. Applicable GST rate -18%.

Solution: Computation of value of taxable supply under rule 32(2)(b) *(amount in X):*

(1) Conversion of Dollar into INR of`20,000 per transaction (600 x`250) ***[(i.e.f 20,000x 1% subject to minimum off250) per transaction]***	1,50,000
(2) Conversion of Dollar into INR (`1 lakh x 1%) x 500 ***[(i.e.f 1 lakh * 1% subject to minimum of ?250) per transaction]***	5,00,000
(3) Conversion of INR into Dollar (`1,000 +`4,00,000 x 0.5%) x 200	6,00,000
(4) 100 transactions of conversion of Euro into INR of`500 lakhs per transaction *i.e.* 100 x [( `5,500 +`490 lakhs ˣ 0.1%) Subject to maximum of`60,000]	54,50,000
(5) 300 transactions of conversion of Dollar into Euro [(`5500 **+**`90 lakhs ***** 0.1%) subject to maximum of`60,000 per transaction]	43,50,000
Total value of taxable supply	**1,10,50,000**
CGST @ 9% SGST @ 9%	9.94.500 9.94.500
Total GST payable	**19,89,000**

QUESTION 27. *Air travel Agents services - International flight:* M/s. Airlines Associates has sold tickets for transport of passengers to Singapore, and other

foreign countries during the month of January, 2020. The total amount charged is`30 lakhs on the flight (100 tickets) of which T10 lakhs is towards passenger taxes.

Determine the Value of taxable supply of services of M/s. Airlines Associates and tax thereon if applicable rate of GST is 18%. Amounts are exclusive of tax.

Solution: The relevant computations are as under— *(amount in*

Value of Taxable Supply by M/s. Airlines Associates :	20,00,000
Basic Fare (Total`30 lakhs - Government Taxes **T**10 lakhs) **Value of Taxable Supply as per Rule 32(3) @ 10% of Basic fare**	**2,00,000**
CGST @ 9% SGST @ 9%	18,000 18,000
Total GST payable	**36,000**

QUESTION 28. *Air travel Agents services - Domestic flights:* M/s. Kamal Associates has sold tickets for transport of passengers from various domestic flights during the month of January 2020. The total amount charged is`90 lakhs on the flight (500 tickets) of which`10 lakhs is towards passenger taxes.

Determine the value of taxable supply of services and GST payable thereon if rate of GST is 18%. Amounts are exclusive of CGST and SGST.

Solution: The relevant computations are as under — *(amount in `)*

Value of Taxable Supply provided by M/s. Kamal Associates :	80,00,000
Basic Fare (Total`90 lakhs - Government Taxes`10 lakhs) Value of Taxable Supply as per Rule 32(3) @ 5% of Basic fare	4,00,000
CGST @ 9% SGST @ 9%	36,000 36,000
Total GST payable	72,000

QUESTION 29. *Life Insurance Services :* LIC of India provides you the following information for the month of January 2020. You are required to compute value of taxable Supply of services under Rule 32(4) of Determination of value of supply Rules, 2017.

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

(2) Single premium annuity policies : Premiums collected`850 lakhs.

(3) Only Risk Cover Policies : Premiums collected`500 lakhs.

(4) Life micro-insurance policies where insured amount does not exceed`2,00,000 : Premium collected`10 lakhs.

(5) Variable Insurance Policies : Premiums collected`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)*

Solution **:Computation of Value of Taxable Supply of services** *(f in lakhs) :*

Particulars	Amount	Rate	Taxable Value
General policies:			
(i) First year premium	5,000	25%	1,250
(ii) Subsequent years *i.e.* policies issued in earlier years	7,000	12.5%	875
Single premium annuity policies	850	10%	85
Only Risk Cover Policies Since the entire premium is for risk cover, hence, the option under Rule 32(4) is not available.	500	100%	500
Life micro-insurance policies [Exempt *vide* Entry 36 of Notification No. 12/2017-CT (Rate)]	10	Exempt	-
Variable Insurance Policies *[Gross premium - Amount allocated towards investment]*	8,000	-	1,600
Total Taxable Value			**4,310**

QUESTION 30. *Valuation of Supply of Second hand goods:* Mr. Rohan is engaged in buying and selling of second hand cars in Jaipur. During the month of December, 2019 he supplied a used car after some processing at *X* 6,00,000 which he purchased from customer at *X* 5,40,000 and no input tax credit has been availed on such purchase. Compute the value of taxable Supply. What would your answer be if purchase price of used car is *X* 6,20,000.

Solution: As per Rule 32(5) of CGST Rules, 2017, where a taxable supply is provided by a person dealing in buying and selling of second hand goods *i.e.* used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on purchase of such goods, the value of supply shall be the difference between the selling price and purchase price.

(i) Computation of Value of Taxable Supply of Second hand Car *(amount in X):*

Sale price of Car Purchase price of used Car	6,00,000 5,40,000
Value of Taxable Supply	**60,000**

(ii) In case (ii), as per Rule 32(5) of CGST Rules, the value of supply of second hand goods shall be the difference between the selling price and purchase price and where the value of such supply is negative it shall be ignored.

Therefore, value of Taxable supply of Second hand Car = *X* (6,00,000 - 6,20,000) *i.e.*, Nil.

QUESTION 31. *Value of supply in case of repossessed goods:* Mr. X purchased a motor car on l^{5t} October 2019 for *X* 20,00,000. 80% of the purchase price of car was financed by Easy Finance Ltd. The loan was payable in 60 monthly instalments beginning with 01-11-2019. Mr. X defaulted in repayment of loan and Easy Finance Ltd. repossessed the car on 15-05-2020. The car was disposed on 10-12-2020 for *X*

15,50,000. Determine the value of taxable supply as per Rule 32(5) of CGST Rules, 2017.

Solution: As per Rule 32(5) of CGST Rules, 2017, the purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower reduced by 5% points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession.

Computation of Value of Taxable Supply of Second hand Car (*amount in `*):

Sale price of Car Purchase value of repossessed Car [WN]	15,50,000 15,00,000
Value of Taxable Supply	**50,000**

QUESTION 32. *Value of voucher:* Mr. & Ms. Bhargava purchase 5 gift vouchers for`1,000 each from Raymonds and give them as return gifts to children and their parents on their son's birthday. Determine the value of supply.

Solution: As per the provisions of Rule 32(6) of the CGST Rules, the value of supply would be the money value of the goods redeemable against the voucher. Thus, in case of vouchers from Raymonds, the value would be`5,000 *(i.e.,* `1,000 x 5).

QUESTION 33. *Value of voucher* Easy Coupons Ltd. sells coupons that are redeemable against specified cosmetic products at retail outlets. Each coupon has a face value of`1,500 but is redeemable for supplies worth`1,750. What is the value of supply of such coupon under GST laws?

Solution: As per provisions of Rule 32(6) of the CGST Rules relating to valuation, the value of a coupon is the money value of the goods redeemable against it. Therefore, though the coupon is sold for T 1,500, its value is`1,750.

QUESTION 34. *Value of supply of services in case of pure agent:* Roily Polly Manufacturers Ltd., registered in Mumbai (Maharashtra), is a manufacturer of footwear. It imports a footwear making machine from USA. Roily Polly Manufacturers Ltd. avails the services of Rudra Logistics, a licensed customs broker with its office at Ahmedabad (Gujarat), in meeting all the legal formalities for getting the said machine cleared from the customs station.

Roily Polly Manufacturers Ltd. also authorises Rudra Logistics to incur, on its behalf, the expenses in relation to clearance of the imported machine from the customs station and bringing the same to its warehouse at Mumbai. These expenses would be reimbursed by Roily Polly Manufacturers Ltd. to Rudra Logistics on actual basis. In addition, Roily Polly Manufacturers Ltd. will also pay the agency charges to Rudra Logistics for the services rendered by it.

Rudra Logistics raised an invoice in July, 2019 as follows:

	Particulars	TO*
(i)	Agency charges	5,00,000
(“)	Unloading of machine at Kandla port, Gujarat	50,000
(iii)	Charges for transport of machine from Kandla port, Gujarat to Rudra Logistics' godown in Ahmedabad, Gujarat	25,000
(iv)	Charges for transport of machine from Rudra Logistics' Ahmedabad godown to the warehouse of Roily Polly Export Import House in Mumbai, Maharashtra	28,000
(v)	Customs duty on machine	5,00,000
(Vi)	Dock dues	50,000
(vii)	Port charges	50,000
(viii)	Hotel expenses	45,000
(ix)	Travelling expenses	50,000
(*)	Telephone expenses	2,000

‘exclusive of GST wherever applicable *(MTP May 2019)*
Compute the value of supply made by Rudra Logistics with the help of given information. Would your answer be different if Rudra Logistics charges`13,00,000 as a lump sum consideration for clearing the imported machine from the customs station and bringing the same to the warehouse of Roily Polly Manufacturers Ltd.?

Solution: As per explanation to rule 33 of the CGST Rules, 2017, a "pure agent" means a person who —
(a) enters into a contractual agreement with the recipient of supply to act as his pure agent to 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 so procured or supplied as pure agent of the recipient of supply;
(c) does not use for his own interest such goods or services so procured; and
(d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

The supplier needs to fulfil ALL the above conditions in order to qualify as a pure agent.
In the given case, Rudra Logistics has been authorised by the recipient of supply - Roily Polly Manufacturers Ltd. - to incur, on its behalf, the expenses incurred in relation to clearance of the imported machine from the customs station and bringing the same to the warehouse of the recipient, *i.e.* expenses mentioned in S.No. (ii) to (vii). Further, Rudra Logistics does not hold any title to said services and does not use them for his own interest.

Lastly, Rudra Logistics receives only the actual amount incurred to procure such services in addition to agency charges. Thus, Rudra Logistics qualifies as a pure agent.

Further, rule 33 of the CGST Rules, 2017 stipulates that notwithstanding anything contained in the provisions of

Chapter IV - Determination of Value of Supply, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely—

(I) the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;
(II) the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and
(III) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.
Since conditions (I) to (III) mentioned above are satisfied in the given case, expenses (ii) to (vii) incurred by Rudra Logistics as a pure agent of Roily Polly Manufacturers Ltd. shall be excluded from the value of supply. Accordingly, value of supply made by Rudra Logistics will be computed as under *(amount in `)*:

Agency charges	5,00,000
Add: Unloading of machine at Kandla port, Gujarat	Nil
Add: Charges for transport of machine from Kandla port, Gujarat to Rudra Logistics' godown in Ahmedabad, Gujarat	Nil
Add: Charges for transport of machine from Rudra Logistics' Ahmedabad godown to the warehouse of Roily Polly Export Import House in Mumbai, Maharashtra	Nil
Add: Customs duty on machine	Nil
Add: Dock dues	Nil
Add: Port charges	Nil
Add: Hotel expenses	45,000
Add: Travelling expenses	50,000
Add: Telephone expenses	2,000
Value of supply	**5,97,000**

However, if Rudra Logistics charges T 13,00,000 as a lump sum consideration for getting the imported machine cleared from the customs station and bringing the same to the warehouse of Roily Polly Manufacturers Ltd., Rudra Logistics would incur expenses (ii) to (vii) for its own interest (as the agreement requires it to get the imported machine cleared from the customs station and bring the same to the Roily Polly Manufacturers Ltd/s warehouse). Thus, Rudra Logistics would not be considered as a pure agent of Roily Polly Manufacturers Ltd. for said services.

QUESTION 35. *Computation of taxable value and GST liability :* ABC Ltd., Noida (Uttar Pradesh) is a supplier of machinery used for making bottle caps. The supply of machinery is effected as under:

(1) The wholesale price of the machinery (excluding all taxes and other expenses) at which it is supplied in the ordinary course of the business to various customers is`42,00,000. However, the actual price at which the machinery is supplied to an individual customer varies within a range of ± 10% depending upon the terms of contract of supply with the particular customer.

(2) Apart from the price of the machinery, ABC Ltd. charges from the customer the following incidental expenses:

(a) associated handling and loading charges of`10,000

(b) installation and commissioning charges of`1,00,000

The machinery can be dismantled and erected at another site, if required. The above charges are compulsorily levied in every case of supply of machinery.

(3) Transportation of machinery to the customer's premises is arranged by ABC Ltd. through a third-party service provider [Goods Transport Agency (GTA)]. The customer enters into a separate service contract with the GTA and pays the freight directly to it.

(4) The company provides one year free warranty for the machinery. However, the company also provides an extended two-year warranty on payment of additional charge of`3,00,000.

(5) A cash discount of 2% on the price of the machinery is offered at the time of supply, if the customer agrees to make the payment within 15 days of the receipt of the machinery at his premises. In the event of failure to make the payment within the stipulated time, the company —

(a) recovers the discount given; and

(b) charges interest @1% per month or part of the month on the total amount due from the customer (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is charged on the tax dues.

(6) For every machinery supplied, ABC Ltd. receives a grant of`2,00,000 from its holding company DEF Ltd.

ABC Ltd. has supplied a machinery to D Pvt. Ltd. on August 1, 2019 at a price of`40,00,000 (excluding all taxes). D Pvt. Ltd has its corporate office in New Delhi. However, the machinery has been installed at its manufacturing unit located in Gurugram (Haryana). D Pvt. Ltd. has paid the freight directly to the GTA and opted for two year warranty. Discount @ 2% was given to D Pvt. Ltd. as it agreed to make the payment within 15 days. However, D Pvt. Ltd. paid the consideration on 31st October, 2019.

Assume the rates of taxes to be as under:

Goods/ Services supplied	CGST	SGST	IGST
(i) Bottle cap making machine	6%	6%	12%
(ii) Service of transportation of goods	2.5%	2.5%	5%
(iii) Other services involved in the above supply	9%	9%	18%

You are required to make suitable assumptions, wherever necessary.
Calculate the GST payable [CGST & SGST or IGST, as the case may be] on the machinery and support your conclusions with legal provisions in the form of explanatory notes.
Make suitable assumptions, wherever needed. ***(RTP May, 2018)***

Solution: **Computation of GST liability of ABC Ltd.** *(amount in `):*

Price of machine	[WN1]	40,00,000
Handling and loading charges	[WN 2(a)]	10,000
Installation and commissioning charges	[WN 2(b)]	1,00,000
Transportation cost	[WN 3]	Nil
Additional warranty cost	[WN 4]	3,00,000
Grant from DEF Ltd.	[WN 5]	2,00,000
Total price of the machine		**46,10,000**
Less: 2% cash discount on price of machinery =`40,00,000 x 2%	[Note 6]	80,000
Taxable value of supply		**45,30,000**
Tax liability for the month of August 2019	[WN 7]	
IGST @ 12%	[WN 8 and WN 9]	5,43,600
Tax liability for the month of October 2019	[WN 11]	
Interest collected @ 3% on`44,10,000	[WN 10]	1,32,300
Cash discount recovered	[WN 10]	80,000
Cum-tax value of interest and cash discount		**2,12,300**
IGST = (`2,12,300/112) x 12%		**22,746**
Total IGST payable on the machinery		**5,66,346**

QUESTION 36. *Computation of Value of taxable supply and GST liability :* Jaskaran, a registered supplier of Delhi, has made the following supplies in the month of January, 2020:

	Particulars	TO*
(i)	Supply of 20,000 packages at`30 each to Sukhija Gift Shop in Punjab [Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons]	6,00,000
(ii)	10 generators hired out to Morarji Banquet Halls, Chandigarh [including cost of transporting the generators (`1,000 for each generator) from Jaskaran's warehouse to the Morarji Banquet Halls]	2,50,000
(iii)	500 packages each consisting of 1 chocolate and 1 fruit juice bottle given as free gift to Delhi customers on the occasion of Diwali [Cost of each package is`12, but the open market value of such	

	package of goods and of goods of like kind and quality is not available. Input tax credit has not been taken on the items contained in the package]	
(iv)	Catering services provided free of cost for elder son's business inaugural function in Delhi [Cost of providing said services is T 55,000, but the open market value of such services and of services of like kind and quality is not available.]	

'excluding GST

You are required to determine the GST liability [CGST & SGST and/ or IGST, as the case may be] of Jaskaran for the month of January, 2020 with the help of the following additional information furnished by him for the said period:

(1) Penalty of `10,000 was collected from Sukhija Gift Shop for the payment received with a delay of 10 days.

(2) The transportation of the generators from Jaskaran's warehouse to the customer's premises is arranged by Jaskaran through a Goods Transport Agency (GTA) who pays tax @ 12%.

(3) Assume the rates of GST to be as under: [1 1]

Goods/ Services supplied	**CGST**	**SGST**	**IGST**
Chocolates	9%	9%	18%
Fruit juice bottles	6%	6%	12%
Toy balloons	2.5%	2.5%	5%
Service of renting of generators	9%	9%	18%
Catering service	9%	9%	18%

Solution: **Computation of GST liability of Jaskaran for the month of January, 2020** *(amount in `)*:

Particulars	**CGST**	**SGST**	**IGST**
Supply of 20,000 packages to Sukhija Gift Shop, Punjab [`6,08,475 * 18%] [WN-1]			1,09,525
Renting of 10 generators to Morarji Banquet Halls, Chandigarh (`2,50,000 x 18%) [WN-2]			45,000
500 packages given as free gift to the customers [WN-3]			Nil
Catering services provided free of cost for elder son's business inaugural function in Delhi (CGST: 60,500 * 9%) (SGST: 60,500 x 9%) [WN-3]	Nil 5,445	Nil 5,445	
Total GST liability *(rounded off)*	**5,445**	**5,445**	**1,54,525**

QUESTION 37. Compute value of taxable supply of services of Air Speed Airlines located in Chennai for transportation of passengers by air from the following data relating to sums received exclusive of GST -

(1) Passengers embarking at Arunachal Pradesh: Rs.5 lakhs;

(2) Amount for journey terminated at Assam: Rs.4 lakhs;
(3) Amount charged from passenger for flights starting from USA to Chennai: Rs. 250 lakhs;
(4) Amount charged from passengers flying from Chennai to Sydney (Business class): Rs. 540 lakhs (including passenger taxes levied by government and shown separately on ticket: Rs. 100 lakhs). All passengers booked ticket from Delhi Office of Air Speed Airlines.
(5) Passengers embarking from Chennai to Coimbatore (Economic class): Rs. 4 lakhs. Passengers booked tickets from Chennai office of Air Speed Airlines.
Applicable rate of GST 5% and 12%. Find the GST, CGST & SGST if any.

Answer:

Statement Showing GST Liability of Air Speed Airlines:

(a) embarking at Arunachal Pradesh	exempted supply
(b) where journey terminated at Assam	exempted supply
(c) from USA to Chennai	exempted supply
(d) from Chennai to Sydney (Business class)	4,40,00,000
Passenger tax	1,00,00,000
(e) from Chennai to Coimbatore	4,00,000 (Economic class)
Value of Taxable Supply of Services	5,44,00,000
IGST 12% on Rs. 5,40,00,000	64,80,000
CGST 2.5% on Rs. 4,00,000	10,000
SGST 2.5% on Rs. 4,00,000	10,000
Total Tax	65,00,000

NOTE: Compulsory Inclusions: Any taxes, fees, charges levied under any law other than GST law, are required to be added to the price (if not already added) to arrive at the taxable value.

QUESTION 38. 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

QUESTION 39. Penal interest charged by the banker for delay in payment of dues is subject to GST.

QUESTION 40. A voucher has face value of Rs. 5,000. The holder of voucher can purchase goods or services of equivalent value of X 5,000. When the holder of voucher receives the goods or services against the voucher it is termed as redemption of voucher.

QUESTION 41. 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.

QUESTION 42. Ram & Co., being dealer in electronics and electrical items, issued gift voucher to its customer for Rs. 2,000 on 15th November. Customer can used gift voucher to purchase anything which is available. Customer purchased goods worth Rs. 1,400 on 20th Nov 2017. 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 2017.
b) Value of supply is Rs. 1,500.
c) GST liability:
- CGST is Rs. 126
- SGST is Rs. 126
Working Note: Rs. 1,400 x 9% = Rs. 126

QUESTION 43. Mr.& Ms. Kapoor purchase 10 gift vouchers for X 500 each from Crossword, and 5 vouchers from a reputed Spa costing X 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	Reputed Spa value in	Remarks
Value of taxable	5,000	10,000	10 gits x 500 = Rs. 5,000.

supply			(5 vouchers x Rs. 1,000) x 2 = Rs. 10,000

QUESTION 44. 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 25.10.2017 exchange rate notified by the Central Board of Excise and Customs Us $ 1 = Rs. 65.

(iii) Date of Entry inwards 01.11.2017 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	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.

QUESTION 45. Mr. X supplied goods to Mr. Y on 28th January 2018. The GST rate on goods is changed from 12% to 5% w.e.f. 1st January 2018. Mr. X issued invoice on 28th August 2017 and payment is credited in his bank account on 30th December 2017.
(i) What is the time of supply in this case?
(ii) Effective rate of GSTRs.

Answer:
(i) Time of supply = 28th August 2017
(ii) Effective rate of GST = 12%

QUESTION 46. X Pvt. Ltd. engaged in providing taxable services by way of training and coaching activities in relation to Accounting and Auditing since, 1st July 2017. It has the following details in respect of that activity:

Date of issuance of invoice	Date on which payment received	Amount in
16.09.2017	03.10.2017	2,50,000
20.10.2017	06.10.2017	25,000

02.10.2017	30.09.2017	1,25,000

The date of change in effective rate of tax in this case is 01-10-2017 from 12% to 18%. These services are rendered in August 2017. Find the time of supply of service, effective rate of tax and due date of payment of tax.

Answer:

Services rendered	Date of issuance of invoice	Date on which payment received	Amount in	Time of supply of service	Effective Rate of tax	Due date of payment
Aug 2017	16.09.2017	03.10.2017	2,50,000	16.09.2017	12%	20.10.2017
Aug 2017	20.10.2017	06.10.2017	25,000	06.10.2017	18%	20.11.2017
Aug 2017	02.10.2017	30.09.2017	1,25,000	30.09.2017	12%	20.10.2017

QUESTION 47. 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, 2019 from a registered dealer in Surat, Gujarat. The tax invoice was issued On 14/12/2019. 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, 2019. The buyer paid the amount on 21/12/2019 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, 2019 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. (7 marks; 2019 - Dec)

QUESTION 48. 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.
(7 marks; 2018 - June)

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 [Includible in the value as per Section 15(2)(a)]	1,00,000
(ii) CGST and SGST chargeable on the goods [Not includible 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

QUESTION 49. CMA Anushtup Chandra of Kerala (resident in India), rendered taxable professional services to M/s. Mythili & Co., of Mumbai. He raised a proper tax invoice on 01 -02-2020, charging applicable GST and showing the same separately in the invoice.
After deduction of tax under section -194-J of the Income-tax Act, 1961, a net amount of Rs. 3,24,000 was paid by Mythili & Co., on 12-02-2020. You are required to ascertain the tax invoice amount raised by CMA Anushtup Chandra, the registered supplier, showing clearly the value of supply and GST charged by him and the amount of TDS deducted by Mythili & Co., u/s 194-J of the Income-tax Act, 1961. (5 marks; 2018 - Dec)

Answer:
GST and TDS u/s 194J of the IT Act, 1961
CBDT has clarified through Circular No.23/2017 Dated 19* July 2017 that if GST on services has been indicated separately in the invoice, then no tax would be deducted

on GST component. In the light of the fact that even under the new GST regime, the rationale of excluding the tax component from the purview of TDS remains valid, the Board thereby clarified that wherever in terms of the agreement or contract between the payer and the payee, the component of 'GST on services' comprised in the amount payable is indicated separately, tax shall be deducted at source under Chapter XV ll-B of the Income-tax Act, 1961 on the amount paid or payable without

Particulars	Amount (Rs.)
Let the gross value of taxable services be	100
Add: IGST charged at 18%	18
Less : TDS at 10% on 100	10
Payment received from recipient of supply	108
Particulars	**Amount (Rs.)**
NeT amount received after TDS	3,24,000
Gross value of services will be [3,24,000 x 100/108]	3,00,000
Add: IGST at 18%	54,000
Value of taxable service as per tax Invoice	3,54,000
TDS u/s 194-J of the Income-tax Act, 1961 (10% of 3,00,000)	30,000

QUESTION 50. R Ltd. provides the following information:

Date of invoice in respect of purchase of Plant and Machinery	01.11.2019
(Life of Plant and Machinery is five years)	**Rs.**
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	10.01.2021
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.
(8 marks; 2019 - June)

Answer:

Particulars	
In the light of above information, the amount to be paid by R Ltd. shall be computed as under:	
(a) Input tax credit taken on purchase of Plant and Machinery	Rs. 3,60,000
(b) Time gap in quarters between date of purchase and supply of plant and machinery	1 year 2 months and 10 days i.e. 5 quarters (including part of the month)
(c) Rate of Reduction in tax paid	Five percentage points per quarter of a year or part thereof (as the total life is taken as 5 years amounting to 20 quarters)
(d) Total reduction in tax paid for five quarters or part thereof	Five percentage point x 5 quarters = Twenty five percentage points
(e) Amount of Reduction in tax paid	25% x of Rs. 3,60,000 = Rs. 90,000

(f) Amount of GST to be paid on the basis of reduction in input tax credit taken [A-E]	Rs. 2,70,000
(g) Transaction Value of the Plant and Machinery	Rs. 12,00,000
(h) Tax on the transaction value of Plant and Machinery	Rs. 2,16,000 [Rs. 12,00,000x18%]
(i) In terms of Section 18(6) amount to be paid Higher of the amount given at SI. No. F and SI. No. H	Rs. 2,70,000

QUESTION 51. 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, 2020. 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?

(2 marks; 2019 - Dec)

(ii) 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. (5 marks; 2019 - Dec)

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, 2107: INTRA-STATE SUPPLY OF GOODS

WHAT IS INTRA STATE SUPPLY	WHAT IS NOT INTRA STATE SUPPLY
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:	(I) SUPPLY OF GOODS ↓ TO OR BY A SPECIAL ECONOMIC ZONE ↓ DEVELOPER ↓ OR ↓ A SEZ UNIT; (II) GOODS IMPORTED ↓ INTO THE TERRITORY OF INDIA ↓ TILL THEY CROSS THE CUSTOMS ↓ FRONTIERS OF INDIA; OR (III) SUPPLIES MADE ↓ TO A TOURIST ↓ LEAVING INDIA.

DEFINITION

SECTION 8(2) OF IGST ACT, 2107: INTRA-STATE SUPPLY OF SERVICES

WHAT IS INTRA STATE SUPPLY	WHAT IS NOT INTRA STATE SUPPLY
SUPPLY OF SERVICES WHERE THE ↓ LOCATION OF THE SUPPLIER ↓ AND THE ↓ PLACE OF SUPPLY ↓ OF SERVICES ARE IN ↓ THE SAME STATE OR SAME ↓ UNIONTERRITORY SHALL BE TREATED AS ↓ INTRA-STATE SUPPLY:	SUPPLY OF SERVICES ↓ TO OR BY A ↓ SPECIAL ECONOMIC ZONE ↓ DEVELOPER OR A SEZ UNIT.

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 INTRA 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. CHimachal 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	ALOWED	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 MADATORILY		
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:**
   (a) Total price charged by Mr. C.
   (b) 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:
   (a) Total price charged by Mr. M for supply of goods/services and
   (b) Who is liable to pay GST.
   (c) Net laibility 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:**
   (a) Total price charged by Mr. C.
   (b) 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 (IGSTapplicable @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 servicesis 9% each. Find the following:**
   (a) Total price charged by Mr. M for supply of goods/services and
   (b) Who is liable to pay GST.
   (c) 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) availableand 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% and18% 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 themonth 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.

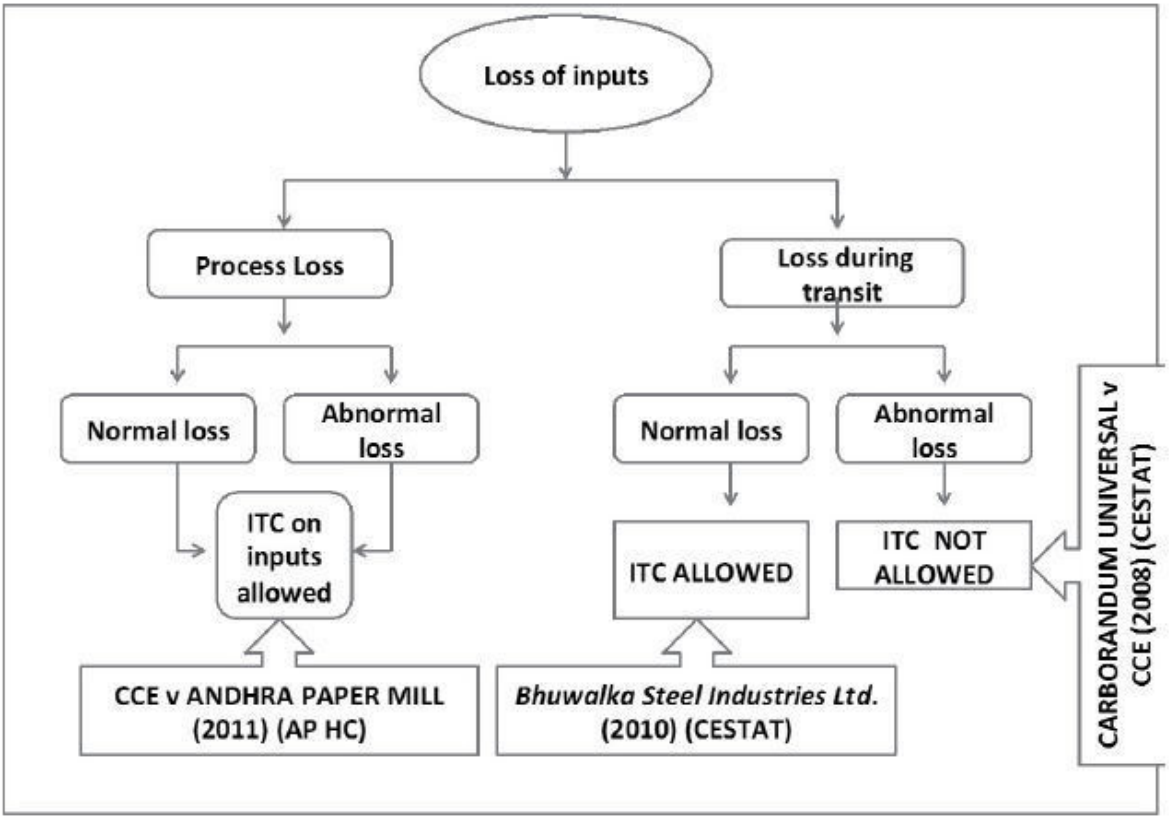
2. HE HAS RECEIVED THE GOODS OR SERVICES OR BOTH. PROVIDED THAT WHERE THE GOODS AGAINST AN INVOICE ARE RECEIVED IN LOTS OR INSTALMENTS, THE REGISTERED PERSONSHALL BE ENTITLED TO TAKE CREDIT UPON RECEIPT OF THE LAST LOT OR INSTALMENT.

3. THE TAX CHARGED IN RESPECT OF SUCH SUPPLY HAS BEEN ACTUALLY PAIDTO THE GOVERNMENT, EITHER IN CASH OR THROUGH UTILISATION OF INPUT TAX CREDIT ADMISSIBLE IN RESPECT OF THE SAIDSUPPLY.

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 PROVISIONSOF THE INCOME TAX ACT, 1961. IF THE DEPRECIATION UNDER SECTION 32 OF THE INCOME TAX ACT, 1961 IS CLAIMED ON THE TAXCOMPONENT BY CAPITALIZING WITH THE COST OF CAPITAL GOODS, INPUT TAX CREDIT SHALL NOT BEALLOWED.**

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
10TH OCT	2000	15TH NOV	2	NIL	1998
2ND NOV	5000	20TH NOV	5	NIL	4995
3RD DEC	3000	1ST 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 FORSUPPLY 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 IN2ND 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 VALUEOF ` 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 CGSTACT, 2017 IS APPLICABLE IN THE GIVEN CASE (I.E TO REVERE THE CREDIT WHERE PAYMENT IS NOT MADE WITHIN 180 DAYSFROM 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. HASSUBMITTED ANNUAL RETURN FOR THE FINANCIAL YEAR 2017-18 ON 15TH SEPTEMBER 2018 AND RETURN FOR SEPTEMBER 2018 HASBEEN 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/SY LTD. THE AMOUNT CHARGEABLE FOR THE PAST DELIVERY ACTIVITIES WERE COVERED IN A DEBIT NOTE RAISED IN MAY 2018FOR ` 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: 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 AVAILMENT 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 AVAILMENT 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 CREDITIS 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 SUB RULE (4) OF RULE 36 IS LINKED TO TOTAL ELIGIBLE CREDIT FROM ALL SUPPLIERS AGAINST ALLSUPPLIES WHOSE DETAILS HAVE BEEN UPLOADED BY THE SUPPLIERS.

FURTHER, THE CALCULATION WOULD BE BASED ON ONLY THOSE INVOICES WHICH ARE OTHERWISEELIGIBLE FOR ITC. ACCORDINGLY, THOSE INVOICES ON WHICH ITC IS NOT AVAILABLEUNDER ANY OF THE PROVISION (SAY UNDER SUB-SECTION (5) OF SECTION 17) WOULD NOTBE CONSIDERED FOR CALCULATING 20 PER CENT. OF THE ELIGIBLE CREDIT AVAILABLE.

FORM GSTR-2A BEING A DYNAMIC DOCUMENT,WHAT WOULD BE THEAMOUNT OF INPUT TAXCREDIT THAT IS ADMISSIBLETO THE TAXPAYERS FOR APARTICULAR TAX PERIODIN RESPECT OF INVOICES/DEBIT NOTES WHOSEDETAILS HAVE NOT BEENUPLOADED BY THESUPPLIERS?

THE AMOUNT OF INPUT TAX CREDIT IN RESPECT OF THE INVOICES / DEBIT NOTES WHOSEDETAILS HAVE NOT BEEN UPLOADED BY THE SUPPLIERS SHALL NOT EXCEED 20% OFTHE ELIGIBLE INPUT TAX CREDIT AVAILABLE TO THE RECIPIENT IN RESPECT OF INVOICESOR DEBIT NOTES THE DETAILS OF WHICH HAVE BEEN UPLOADED BY THE SUPPLIERSUNDER SUB-SECTION (1) OF SECTION 37 AS ON THE DUE DATE OF FILING OF THE RETURNS INFORM GSTR-1 OF THE SUPPLIERS FOR THE SAID TAX PERIOD. THE TAXPAYER MAY HAVETO ASCERTAIN THE SAME FROM HIS AUTO POPULATED FORM GSTR 2A AS AVAILABLEON THE DUE DATE OF FILING OF FORM GSTR-1 UNDER SUB-SECTION (1) OF SECTION 37.

HOW MUCH ITC AREGISTERED TAX PAYERCAN AVAIL IN HIS FORMGSTR-3B IN A MONTH INCASE THE DETAILS OF SOMEOF THE INVOICES HAVE NOTBEEN UPLOADED BY THESUPPLIERS UNDER SUBSECTION(1) OF SECTION 37.

SUB-RULE (4) OF RULE 36 PRESCRIBES THAT THE ITC TO BE AVAILED BY A REGISTEREDPERSON IN RESPECT OF INVOICES OR DEBIT NOTES, THE DETAILS OF WHICH HAVE NOTBEEN UPLOADED BY THE SUPPLIERS UNDER SUB-SECTION (1) OF SECTION 37, SHALL NOTEXCEED 20 PER CENT. OF THE ELIGIBLE CREDIT AVAILABLE IN RESPECT OF INVOICES ORDEBIT NOTES THE DETAILS OF WHICH HAVE BEEN UPLOADED BY THE SUPPLIERS UNDERSUB-SECTION (1) OF SECTION 37. THE ELIGIBLE ITC THAT CAN BE AVAILED IS EXPLAINEDBY WAY OF ILLUSTRATIONS, IN A TABULATED FORM, BELOW.
IN THE ILLUSTRATIONS, SAY A TAXPAYER "R" RECEIVES 100 INVOICES (FOR INWARD SUPPLYOF GOODS OR SERVICES) INVOLVING ITC OF ` 10 LAKHS, FROM VARIOUS SUPPLIERS DURINGTHE 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 HAVEFURNISHED IN FORMGSTR-1 80 INVOICESINVOLVING ITC OF ` 6LAKHS AS ON THE DUEDATE OF FURNISHINGOF THE DETAILS OF OUTWARD SUPPLIES BYTHE SUPPLIERS.	1,20,000	` 6,00,000 (I.E.AMOUNT OF ELIGIBLEITC AVAILABLE, AS PERDETAILS UPLOADEDBY THE SUPPLIERS) +`1,20,000 (I.E. 20% OFAMOUNT OF ELIGIBLEITC AVAILABLE, AS PERDETAILS UPLOADEDBY THE SUPPLIERS) =0020` 7,20,000/-
CASE 2	SUPPLIERS HAVEFURNISHED IN FORMGSTR-1 80 INVOICESINVOLVING ITC OF ` 7LAKHS AS ON THE DUEDATE OF FURNISHINGOF THE DETAILS OFOUTWARD SUPPLIES BYTHE 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 ` 8.5LAKHS AS ON THE	1,70,000	` 8,50,000/- +`1,50,000/-* =` 10,00,000 * THE ADDITIONAL AMOUNT OF ITC

	DUE DATE OF FURNISHING OF THE DETAILS OF OUTWARD SUPPLIES BYTHE SUPPLIERS.		AVAILED SHALL BE LIMITED TO ENSURE THAT THE TOTAL ITC AVAILED DOES NOT EXCEED THE TOTAL ELIGIBLE ITC.

WHEN CAN BALANCEITC BE CLAIMED INCASE AVAILMENT OF ITCIS RESTRICTED AS PER THEPROVISIONS OF RULE 36(4)?

THE BALANCE ITC MAY BE CLAIMED BY THE TAXPAYER IN ANY OF THE SUCCEEDINGMONTHS PROVIDED DETAILS OF REQUISITE INVOICES ARE UPLOADED BY THE SUPPLIERS.

HE CAN CLAIM PROPORTIONATE ITC AS AND WHEN DETAILS OF SOME INVOICES AREUPLOADED BY THE SUPPLIERS PROVIDED THAT CREDIT ON INVOICES, THE DETAILS OFWHICH 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 AREUPLOADED BY THE SUPPLIERS. FULL ITC OF BALANCE AMOUNT MAY BE AVAILED, IN PRESENT ILLUSTRATION BY "R", IN CASE TOTAL ITC PERTAINING TO INVOICES THE DETAILSOF WHICH HAVE BEEN UPLOADED REACHES ` 8.3 LAKHS (` 10 LAKHS /1.20).

IN OTHERWORDS, TAXPAYER MAY AVAIL FULL ITC IN RESPECT OF A TAX PERIOD, AS AND WHENTHE INVOICES ARE UPLOADED BY THE SUPPLIERS TO THE EXTENT ELIGIBLE ITC/ 1.2. THESAME 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 UPLOADDETAILS OF SOME OF THE INVOICES FOR THE TAX PERIOD INVOLVING ITCOF ` 2.3 LAKHS OUT OF INVOICES INVOLVING ITC OF ` 4 LAKHS DETAILSOF 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 SUPPLIERSUPLOAD DETAILS OF SOME OF THE INVOICES INVOLVING ITC OF ` 1.3LAKHS OUT OF OUTSTANDING INVOICES INVOLVING RS. 3 LAKHS. [` 7 LAKHS+ ` 1.3 LAKHS = ` 8.3 LAKHS]

CONCEPT 8:
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 FOR EFFECTING TAXABLE SUPPLIES
↓
INCLUDING ZERO-RATED SUPPLIES
↓
AND
↓
PARTLY FOR EFFECTING EXEMPT SUPPLIES,
↓
THE AMOUNT OF CREDIT SHALL BE RESTRICTED TO
↓
SO MUCH 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 AVAIL 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 ITMES 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 ITMES 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 CAPITALSIED

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 FURTHER INVESTIGATION

(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 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. Subcontractor 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%. Annopoorna 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. Material 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 converting raw materials into finished goods.		
Works contract service	5,00,000	18%			

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 Constructions 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 Constructions
(3)	Service cost	10 lacs	Supplied by RM Constructions

(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	48,000

	dealer's meet	
(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
(ii)	Food and Beverages procured from Sweet Caterers for employees under statutory	48,000
	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	18,000

	capitalized in books	
(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	8,400
	statutory obligation	

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 *ƒ* 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 (`)
(i)	Accounting and Auditing Services	7,200
(ii)	Health insurance services for employees *(Services are not provided under Government obligation)*	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 advice 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 advice 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 advice 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 the company premises	4,25,000

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 & SGSTJ
(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	7,50,000	1,35,000

available in the records of Aryan Ltd.)		
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 in S.No. 1 above)	1,50,000
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 granite mines, 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/	5,50,000

installments and 25% of the materials were received in February, 2019)	
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 9:
INPUT TAX CREDIT: REVERSAL OF ITC

BUSINESS & NON-BUSINESS PURPOSE
SECTION 17(1) OF THE CGST ACT, 2017

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.

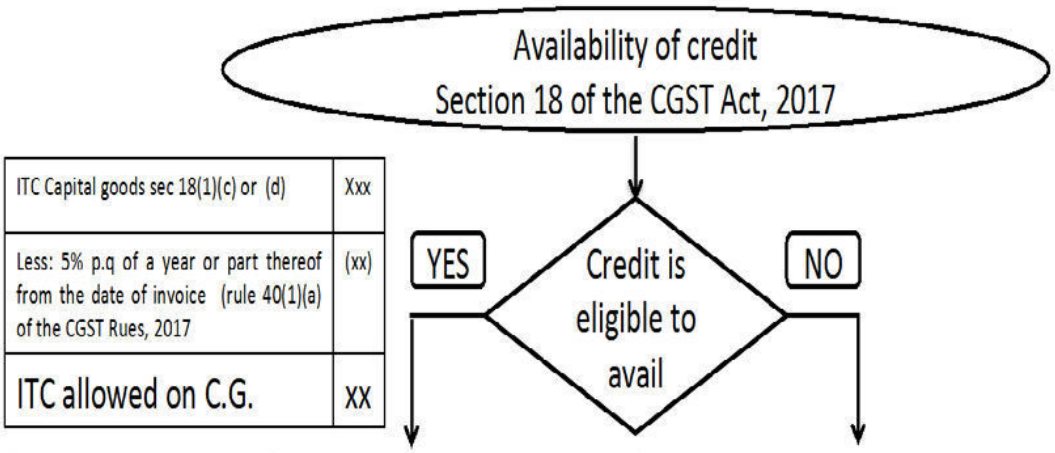
2. RECIPIENT OF SUPPLY USES INPUT GOODS/SERVICES FOR ANY PURPOSE OTHER THAN BUSINESS OR FOR SUPPLYING EXEMPTED SUPPLIES [LIKE PERSONAL USE]

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 10:
INPUT TAX CREDIT: ITC IN SPECIAL CICRCUMSTANCES
SECTION 18



ITC Capital goods sec 18(1)(c) or (d)	Xxx
Less: 5% p.q of a year or part thereof from the date of invoice (rule 40(1)(a) of the CGST Rues, 2017	(xx)
ITC allowed on C.G.	xx

Provision	Goods eligible for ITC
Sec. 18(1)(a): Person got registered ≤ 30 days from date need arises.	Inputs held in stock, WIP or F.G. as on the day immediately preceding the date from which he becomes liable to pay GST.
Sec. 18(1)(b): person voluntarily registered	Inputs held in stock, WIP or F.G. as on the day immediately preceding the date of grant of registration
Sec. 18(1)(c): person who ceases to pay composition tax	Inputs held in stock, WIP or F.G. and capital goods as on the day immediately preceding the date from which be becomes liable to pay GST under regular scheme. ITC on capital goods as stated in rule 40(1)(a) of the CGST Rues, 2017.
Sec. 18(1)(d): exempt supply becomes taxable	Inputs held in stock, WIP or F.G. and capital goods as on the day immediately preceding the date from which such supply becomes taxable. ITC on capital goods as stated in rule 40(1)(a) of the CGST Rues, 2017.
Sec. 18(3): Change in constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business	ITC remains unutilized in his electronic credit ledger to such sold, merged, demerged, amalgamated, lease or transferred business.

Provision	Goods not eligible for ITC	
Sec. 18(2):	ITC not allowed to take under Sec. 18(1) in respect of goods > 1 Year from the date of issue of tax invoice	
Sec. 18(4): Person opted to pay GST u/s 10 or goods or services are wholly exempt.	Total ITC as on the day other than C.G	Xx
	Less: input tax on RM, WIP or F.G	(xx)
	Pay an amount through electronic cash ledger account (If excess ITC if any shall lapse). [In case of input tax credit on C.G. involved in the remaining useful life in months shall be computed on pro-rata basis, taking useful life as 5 Years (Rule 44(1)(b) of the CGST Rules, 2017]	xx
Sec. 18(6): supply of capital goods	ITC taken on Capital Goods	Xx
	Less: : 5% p.q of a year or part thereof from the date of invoice (rule 40 (2) of the CGST Rues, 2017	(xx)
	Balance ITC (i.e Tax on notional value) or	Xx
	Tax on Transaction value u/s 15	Xx
	Whichever is higher, shall pay an amount	

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

INPUTS HELD IN STOCK
↓
AND INPUTS CONTAINED IN
↓
SEMI-FINISHED OR FINISHED GOODS HELD IN STOCK
↓
AND CAPITAL GOODS
↓
AS ON HE DAY IMMEDIATELY PRECEDING
↓
THE DATE FROM WHICH HE BECOMES
↓
LIABLE TO PAY TAX UNDER REGULAR SCHEME.
↓
ITC ON CAPITAL GOODS WILL BE REDUCED BY 5% PER QUARTER OF A YEAR OR PART OF THE YEAR FROM THE DATE OF INVOICE.
↓
ITC TO BE AVAILED WITHIN 1 YEAR FROM THE DATE OF THE ISSUE OF THE TAX INVOICE BY THE SUPPLIER.

CASE 4
REGISTERED PERSON WHOSE EXEMPT SUPPLIES BECOME TAXABLE SUPPLIES

INPUTS HELD IN STOCK AND
↓
INPUTS CONTAINED IN SEMI-FINISHED OR FINISHED GOODS
↓
HELD IN STOCK RELATABLE TO SUCH EXEMPT SUPPLY
↓
AND CAPITAL GOODS EXCLUSIVELY USED
↓
FOR SUCH EXEMPT SUPPLY
↓
AS ON THE DAY IMMEDIATELY PRECEDING THE DATE FROM WHICH SUCH SUPPLY BECOMES TAXABLE
↓
ITC ON CAPITAL GOODS WILL BE REDUCED BY 5% PER QUARTER OF A YEAR OR PART OF THE YEAR FROM THE DATE OF INVOICE.
↓

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 x 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 pant 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 11:
INPUT TAX CREDIT: ITC IN JOBWORK SECTION 19

THE PRINCIPAL IS ALLOWED TO TAKE

↓

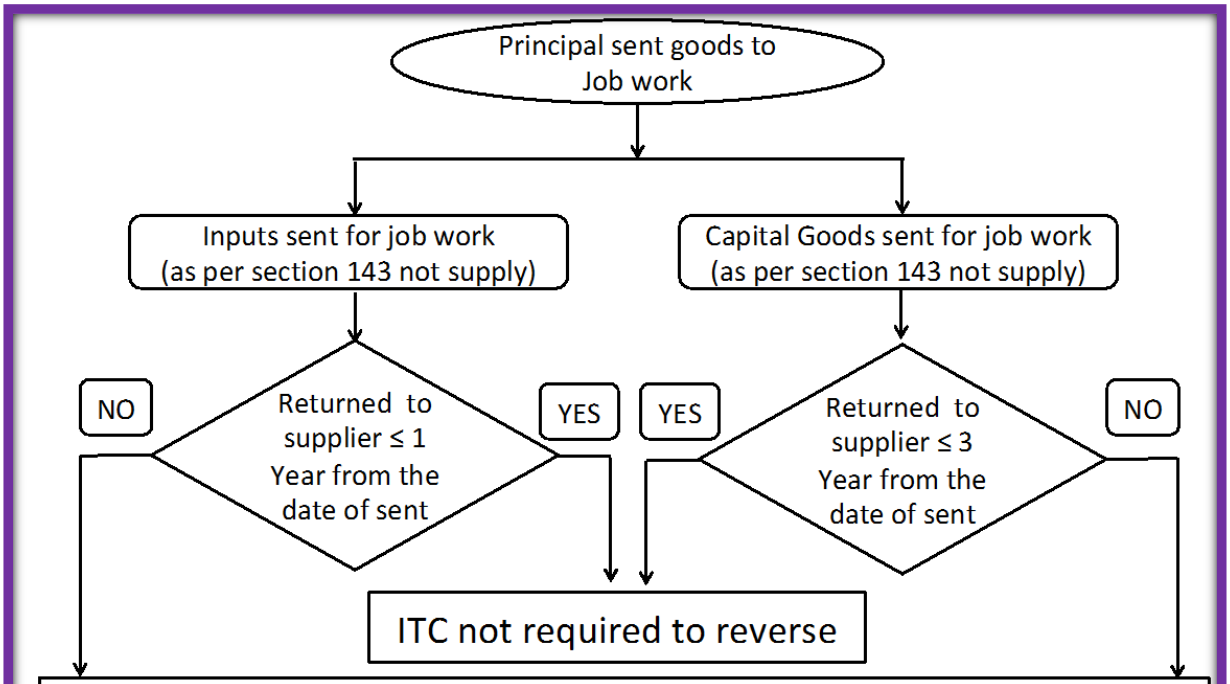
INPUT TAX CREDIT

↓

ON INPUTS AND CAPITAL GOODS

↓

SENT TO A JOB WORKER FOR JOB WORK.



It will be treated as deemed supply of goods. ITC required to reverse or pay an amount equal to credit availed.
In case of moulds and dies and fixtures, or tools sent out to a jobworker time limit 1 year or 3 years not applicable Sec. 19(7) of the CGST Act, 2017.
Note: time limit of 1 year or 3 years shall be counted from the date of of receipt of inputs or capital goods by the job worker where goods sent directly to jobworker.

- 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 gods back to A ltd within one year of being sent.
   b) B & co. sells the gods 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 job work is Rs. 100,000. What are the tax implications, in the following cases, if GST @ 18% is leived.**
   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 requires 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 MATERIA

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 reasons(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 12:
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 OFTURNOVER.

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)

REGISTRATION UNDER GST

INTRODUCTION

WHY REGISTRATION IS FUNDAMENTAL REQUIREMENT?	REGISTRATION IS THE MOST FUNDAMENTAL REQUIREMENT **FOR IDENTIFICATION OF TAXPAYERS**.
WHAT WILL BE DISABILITY 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	LEGAL AUTHORISATION TO COLLECT TAXES FROM HIS CUSTOMERS AND PASS ON ITC.
CLAIMING ITC	SEAMLESS FLOW OF ITC
ELIGIBLE TO APPLY FOR GOVERNMENT BIDS/CONTRACTS.	REGISTERED PERSON CAN EASILY GAIN TRUST FROM CUSTOMERS.

ONE REGISTRATION ONE STATE

GENERAL RULE	HOWEVER
ONE ENTITY ONE REGISTRATION ONE STATE	MORE THAN ONE REGISTRATION IS NOT PROHIBITED
SO ONE SINGLE ENTITY CAN TAKE MULTIPLE REGISTRATIONS IN A SINGLE STATE.	**FOR EXAMPLE** MULTIPLE REGISTRATIONS PERMITTED FOR SEPARATE BUSINESS VERTICAL. & ONE AS AN INPUT SERVICE DISTRIBUTOR AND OTHER FOR OUTWARD SUPPLY

TURNOVER LIMIT FOR REGISTRATION

1) **FOR SUPPLIER ENGAGED EXCLUSIVELY IN "SUPPLY OF GOODS"**

STATE	TURNOVER LIMIT
MANIPUR **MIZORAM** **NAGALAND** **TRIPURA**	**Rs. 10 LAKHS**
UTTARAKHAND **MEGHALAYA** **SIKKIM** **ARUNACHAL PRADESH** **PUDUCHERRY** **TELANGANA**	**Rs. 20 LAKHS**
REST STATES OF INDIA	**Rs. 40 LAKHS**

2) **FOR SUPPLIER ENGAGED IN "SUPPLY OF SERVICES" OR BOTH "GOODS AND SERVICES"**

STATE	TURNOVER LIMIT
MANIPUR **MIZORAM** **NAGALAND** **TRIPURA**	**Rs. 10 LAKHS**
REST STATES OF INDIA	**Rs. 20 LAKHS**

MEANING OF AGGREGATE TURNOVER

1. The turnover will be computed **PAN wise**.
2. The **partner and partnership** firm will have different **PAN Nos.** Thus the turnover of the partner and partnership firm will not be aggregated.
3. 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	EXCLUSIONS
➢ DOMESTIC SUPPLY ➢ EXPORT SUPPLY ➢ TAXABLE SUPPLY ➢ EXEMPT SUPPLY ➢ NON TAXABLE SUPPLY ➢ INTRA STATE SUPPLY ➢ INTER STATE SUPPLY ➢ INTER-STATE SUPPLIES BETWEEN DISTINCT PERSONS HAVING SAME	➢ 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 CESS

PAN ➢ SUPPLY ON OWN ACCOUNT ➢ SUPPLY ON BEHALF OF PRINCIPAL.	

REGISTRATION UNDER GST IN CASE OF TRANSFER OF GOING CONCERN

CASES OF TRANSFER OF BUSINESS	FORMALITIES UPON TRANSFER
EITHER SUCCESSION OR OTHERWISE	THE TRANSFEREE OR THE SUCCESSOR, SHALL BE LIABLE TO BE REGISTERED

REGISTRATION UNDER GST IN CASE OF AMALGAMATION 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 makes an **inter-state taxable supply of Goods**, he will be liable to obtain registration and pay GST.

II. CASUAL TAXABLE PERSONS MAKING TAXABLE SUPPLY;

1. Causal taxable person means a person who **occasionally undertakes** transactions involving supply of goods or services or both in the course or furtherance of business, in a State or a Union territory where he has no fixed place of business.

2. A casual taxable person **cannot exercise** the option to pay tax under **composition levy**.

3. Casual taxable persons are **required to obtain GST registration** under a special category **at least 5 days prior** to the undertaking business.

4. 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 persons for registration.

5. He has to pay **advance tax** at the time of registration as per the estimated tax liability computed and declared.

6. On depositing the amount, **an acknowledgement** shall be issued electronically to the applicant in **FORM GST REG-02.**

7. 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.**

8. The proper officer may **extend registration** for a period **not exceeding 90 days.**

9. The casual taxable person is **eligible for the refund** of any balance of the advance tax deposited by him after adjusting his tax liability.

10. **Input tax credit shall be availed** in respect of goods or services or both received by a casual taxable person.

11. 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.

12. In such case of taking **normal registration**, he would **not** be required to pay **advance tax** for the purpose of registration.

13. 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 OPERATOR);

1. Electronic commerce operator: 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

2. **But shall not include** persons 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;

1. 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**.
2. A non-resident taxable person **cannot** exercise the option to pay tax under **composition levy.**
3. 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).
4. A simplified form **GST REG-09** is required to be filled.
5. The application for registration made by a non-resident taxable person **has to be signed by his authorized signatory** who shall be a **person resident in India** havinga valid PAN.
6. 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.
7. 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**.
8. 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.
9. The validity period of 90 days can be extended by a further period **not exceeding ninety days.**
10. **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**.
11. The amount of **advance tax** deposited by a non-resident taxable person under, will be **refunded only after** the person has furnished all the **returns** required

VI. PERSONS WHO ARE REQUIRED TO DEDUCT TAX UNDER SEC 51, WHETHER OR NOT SEPARATELY REGISTERED UNDER THIS ACT;

VII. PERSONS WHO MAKE TAXABLE SUPPLY OF GOODS OR SERVICES OR BOTH ON BEHALF OF OTHER TAXABLE PERSON WHETHER AS AN AGENT OR OTHERWISE;

1. Clearing and forwarding (C&F) Agent receives the goods on behalf of the principal.
2. Subsequently he supplies goods to the customer as an agent of the principal.
3. He maintains the stock and report to the principal.
4. Such an agent shall be liable to obtain the registration compulsorily.

VIII. INPUT SERVICE DISTRIBUTOR, WHETHER OR NOT SEPARATELY REGISTERED UNDER CGST;

1. **ISD mechanism** is meant for **distributing the credit on common invoices** pertaining to input **services only and not goods (i.e. inputs or capital goods).**
2. An ISD will have to compulsorily take a **separate registration** as such ISD and apply for the same in form **GST REG-1.**
3. There is **no threshold limit** for registration for an ISD.
4. For the purposes of distributing the input tax credit, an **ISD has to issue an ISD invoice**, clearly indicating in such invoice that it is issued only for distribution of input tax credit.
5. The **credit has to be distributed** only **to the unit** to which the supply is directly attributable to.
   For example, if an ISD 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 ISD, the ISD can distribute the credit only to that unit and not to other units.
6. If 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 example, if an ISD has 4 units across the country. If the input services are common for all units, then it will be distributed according to the ratio of turnover of all the units.
7. An ISD will have to file **monthly returns in GSTR-6** within **13 days** after the end of the month and will have to furnish information of all ISD invoices issued.
8. An **ISD** shall **not** be required to file **Annual return**.

IX. PERSONS WHO SUPPLY OF GOODS OR SERVICES 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 52;

XI. EVERY PERSON SUPPLYING ONLINE INFORMATION AND DATABASE ACCESS OR RETRIEVAL SERVICES FROM PLACE

OUTSIDE INDIA TO A PERSON IN INDIA, OTHER THAN A REGISTERED PERSON; AND

1. **O**nline **I**nformation and **D**atabase **A**ccess or **R**etrieval 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.**

2. It includes electronic services such as:
   - **(i)** **advertising** on the internet;
   - **(ii)** providing **cloud services**;
   - **(iii)** provision of **e-books**, movie, music, software and other intangibles through telecommunication networks or internet;
   - **(iv)** providing **data or information**, retrievable or otherwise, to any person in electronic form through a computer network;
   - **(v)** **online supplies of digital content** (movies, television shows, music and the like);
   - **(vi)** digital **data storage**; and
   - **(vii)** online **gaming**;

XI. SUCH OTHER PERSON OR CLASS OF PERSONS AS MAY BE NOTIFIED BY THE GOVT. 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	1. Legal name of business 2. PAN, 3. Mobile number, 4. e-mail address, 5. 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.

ACKNOWLEDGEMENT	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 been 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 of receipt of such information The Proper Officer is satisfied with the clarification; he may approve the grant of registration to the applicant within 7 working days on receipt of such clarification. Where no action is taken in 7 working days on the clarification received from the applicant, the registration is deemed to have been granted.
REJECTION BY DEPARTMENT	If no reply is furnished by applicant in response to notice issued or Proper Officer is not satisfied with the clarification, he shall reject such application with reasons in writing and inform the applicant in Form GST REG-05.

GST IDENTIFICATION NUMBER

TWO CHARACTERS	TEN CHARACTERS	TWO CHARACTERS	ONE CHARACTER
STATE CODE	PAN	ENTITY CODE	CHECKSUM CHARACTER

EFFECTIVE DATE OF REGISTRATION

IF REGISTRATION APPLIED **WITHIN** GIVEN TIME LIMIT OF **30 DAYS**	IF REGISTRATION APPLIED **AFTER** GIVEN TIME LIMIT OF **30 DAYS**
Registration will be effective from the date on which **Liability to take registration arises.**	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 now 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 laws. • A **composition registered person** has **not filed tax returns** for **three** consecutive **quarters.** • A **normal registered person** who has **not filed returns** consecutively for **six months.** • A **voluntarily registered person** who has **not commenced any business** in the **six months** from the registration date. • If the **registration is obtained by fraud methods,** 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: 3
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 OF 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

QUESTION 1. *Registration liability:* Mr. A of Rajasthan has effected following supplies within the State of Rajasthan. You are required to determine whether he is required to obtain registration under GST law.

	Particulars	
(1)	Intra-State supply of goods agricultural produce grown out of cultivation of land by family members	5,50,000
(2)	Intra-State supply of goods which are wholly exempt from GST u/s 11 of CGST Act, 2017	6,00,000
(3)	Intra-State supply of goods chargeable with GST @5%	8,50,000
(4)	Intra-State supply of services which are wholly exempt from tax	50,000

Solution: **Computation of Aggregate value of taxable supplies** *(amount in `):*

(1) Intra-State supply of goods agricultural produce grown out of cultivation of land by family members [WN-1] **(2)** Intra-State supply of goods which are wholly exempt from GST u/s of CGST Act, 2017 [WN-2] **(3)** Intra-State supply of goods chargeable with GST @5% [WN-3] **(4)** Intra-State supply of services which are wholly exempt from tax [WN-4]	5.50,000 6,00,000 8.50,000 50,000
Total Value of supplies	**20,50,000**

QUESTION 2. *Registration requirement:* From the following information you are required to determine whether
XYZ Ltd incorporated in Rajasthan is liable to be registered under GST Law if the company has effected following
supplies within the state of Rajasthan.

	Particulars	`
(1)	Intra-State supply of goods chargeable to 5% GST	15,51,000
(2)	Intra-State supply of goods which are wholly exempt from GST u/s 11 of CGST Act, 2017	6,00,000
(3)	Intra-State supply of goods chargeable to 18% GST	50,000
(4)	Intra-State supply of goods chargeable with Nil rate	18,50,000

Solution: Section 22(1) of the CGST Act, 2017 read with Notification No. 10/2019-CT dated 07-03-2019 *inter alia* provides that every supplier who is engaged in intra-State exclusive supply of goods is liable to be registered under GST in the State/ Union territory from where he makes the taxable supply of goods only when aggregate turnover in a financial year exceeds`40,00,000.

Since XYZ Ltd. is exclusively engaged in making intra-state taxable supplies of goods from Rajasthan, the applicable threshold limit for obtaining registration is`40 lakh as specified in Notification No. 10/2019-CT dated 07-03-2019.
According to Section 2(6) of CGST Act, 2017, "Aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.

Computation of Aggregate turnover *(amount in %):*

(1) Intra-State supply of goods chargeable with GST @ 5% [WN-1] (2) Intra-State supply of goods which are wholly exempt from GST u/s of CGST Act, 2017 [WN-2] (3) Intra-State supply of goods chargeable to 18% GST [WN-3] (4) Intra-State supply of goods chargeable with Nil rate of GST [WN-4]	15.51,000 6,00,000 50,000 18.50,000
Total Value of supplies	**40,51,000**

Thus, in this case since aggregate turnover of the company exceeds *t* 40 lakhs, it is liable to get itself registered under GST Law.

QUESTION 3.*Registration requirement & ITC Eligibility:* LMN Pvt. Ltd., Coimbatore exclusively manufactures and sells product 'X' which is exempt from GST *vide* notifications issued under relevant GST legislations. The company sells 'X' only within Tamil Nadu. The turnover of the company in the previous year was`45 lakh. The company expects the sales to grow by 30% in the current year. The company purchased additional machinery for manufacturing 'X' on 01-07-2019. The purchase price of the capital goods was`30 lakh exclusive of GST @ 18%.
However, effective from 01-11-2019, exemption available on 'X' was withdrawn by the Central Government and GST @ 12% was imposed thereon. The turnover of the company for the half year ended on 30-09-2019 was`45 lakh.
(i) Examine the above scenario and advise LMN Pvt Ltd. whether it needs to get registered under GST.
(ii) If the answer to the above question is in affirmative, advise LMN Pvt. Ltd. whether it can avail input tax credit on the additional machinery purchased exclusively for manufacturing "X"? *(RTP May, 2019)*

Solution
(i) Registration requirements : Section 22(1) of the CGST Act, 2017 read with Notification No. 10/2019-CT dated 07-03-2019 *inter alia* provides that every supplier who is engaged in intra-State exclusive supply of goods is liable to be registered under GST in the State/Union territory from where he makes the taxable supply of goods only when aggregate turnover in a financial year exceeds`40,00,000.

However, the above provisions are not applicable to few specified States, *i.e.* States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand.

Further, a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration in terms of section 23(l)(a) of CGST Act, 2017.

In the given case, the turnover of the company for the half year ended on 30-09-2019 is ^ 45 lakh which is more than the applicable threshold limit of`40 lakh. Therefore, as per above mentioned provisions, the company should be liable to registration. However, since LMN Pvt. Ltd. supplied exempted goods till 31-10-2019, it was not required to be registered till that day; though voluntary registration was allowed under section 25(3) of the CGST Act, 2017.

However, the position will change from 01-11-2019 as the supply of goods become taxable from that day and the turnover of company is above`40 lakh. It is important to note here that in terms of section 2(6) of the CGST Act, 2017, the aggregate turnover limit of`40 lakh includes exempt turnover also.

Therefore, turnover of 'X' will be considered for determining the limit of`40 lakh even though the same was exempt from GST. Therefore, the company needs to register within 30 days from 01-11-2019 (the date on which it becomes liable to registration) in terms of section 25(1) of the CGST Act, 2017.

(ii) Input tax credit eligibility : Section 18(l)(a) of the CGST Act, 2017 provides that a 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 shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act.

Thus, LMN Pvt. Ltd. cannot avail credit for additional machinery purchased exclusively for manufacturing X as input tax credit of only inputs is allowed when a person gets registered for the first time.

QUESTION 4.*Registration requirements :* Rishabh Enterprises - a sole proprietorship firm - started an air- conditioned restaurant in Virar, Maharashtra in the month of February wherein the customers are served cooked food as well as cold drinks/non-alcoholic beverages. In March, the firm opened a liquor shop in Kohima, Nagaland for trading of alcoholic liquor for human consumption.

Determine whether Rishabh Enterprises is liable to be registered under GST law with the help of the following information:

Particulars	**February** (`)*	**March** $)*
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	**5,50,000**	**6,50,000**
Sale of alcoholic liquor for human consumption in Nagaland		**5,00,000**
Supply of wholly exempt services	**1,00,000**	**1,00,000**

Export of packed food items from restaurant in Maharashtra	**1,50,000**	**2,00,000**

* excluding GST
You are required to provide reasons for treatment of various items given above. ***(RTP May, 2018)***

Solution: **Registration provisions** : As per Section 22 of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where **he makes a taxable supply of goods or services or both,** if his aggregate turnover in a financial year exceeds`20 lakh.
However, if such taxable supplies are made from any of the specified special category States, namely, State of Manipur, Mizoram, Nagaland, and Tripura, he shall be liable to be registered if his aggregate turnover in a financial year exceeds`10 lakh.
In the given question, since Rishabh Enterprises is engaged in making taxable supplies of goods and services from Maharashtra which is not a specified Special Category State, the threshold limit for obtaining registration is`20 lakh. It will not get the benefit of higher threshold limit of`40 lakhs since it is not engaged in exclusive supply of goods as it is also providing exempt services.
The threshold limit is not reduced to`10 lakh in this case, as sale of alcoholic liquor for human consumption from Nagaland (one of the specified Special Category States) are non-taxable supplies in terms of Section 9(1) of CGST Act, 2017.

As per Section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of—
(i) all taxable supplies,
(ii) all exempt supplies,
(iii) exports of goods and/or services and
(iv) all inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.
In the light of the aforementioned provisions, the aggregate turnover of Rishabh Enterprises is computed as under:

Computation of aggregate turnover of Rishabh Enterprises *(amount in `):*

Particulars	**Turnover of February**	**Cumulative turnover of February & March**
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5.50,000	12,00,000
Add: Sale of alcoholic liquor for human consumption in Nagaland [WN-1]	1,00,000	[`5,50,000 + ` 6,50,000]
Add: Supply of wholly exempt services [WN-2]	1.50,000	5.00. 000
		2.00. 000

Add: Export of packed food items from restaurant in Maharashtra		[`1,00,000 + ` 1,00,000] 3,50,000 [`1,50,000 + ` 2,00,000]
Aggregate Turnover	**8,00,000**	**22,50,000**

QUESTION 5.*Registration provisions:* ABC Ltd. of Jaipur, Rajasthan has effected intra-State supplies of taxable goods amounting `38,00,000 till 31-12-2019. On 01-01-2020 it has effected inter-State supply of taxable goods amounting `1,00,000. ABC Ltd. is of the opinion that it is not required to get registered under GST law since its aggregate turnover is not likely to exceed `40,00,000 during financial year 2019-20. As a consultant of the company you are required to advise the company relating to registration requirements.

Solution: **The opinion of ABC Ltd is not correct.** As per provisions of Section 24 of CGST Act, 2017, person making inter state taxable supply of goods are compulsorily required to obtain registration. Thus, Section 24 is an overriding Section that makes it mandatory to obtain registration by certain prescribed persons even though the conditions prescribed u/s 22 are not met. Hence, ABC Ltd. is mandatorily required to obtain registration.

As per provisions of Section 25 of CGST Act, 2017, every person who is liable to be registered under Section 22 or Section 24 shall apply for registration in every such State or Union territory in which he is so liable within 30 days from the date on which he becomes liable to registration, in such maimer and subject to such conditions as may be prescribed. Thus, ABC Ltd. is required to obtain registration upto 31-01-2020.

QUESTION 6.*Registration requirements* : AB Pvt. Ltd., Pune provides house-keeping services. The company supplies its services exclusively through an e-commerce website owned and managed by Hi-Tech Indya Pvt. Ltd., Pune. The turnover of AB Pvt. Ltd. in the current financial year is `18 lakh.

Advise AB Pvt. Ltd. as to whether they are required to obtain GST registration. Will your advice be any different if AB Pvt. Ltd. sells readymade garments exclusively through the e-commerce website owned and managed by Hi-Tech Indya Pvt. Ltd.?

Ans: **Compulsory Registration** : Section 24 of the said Act enlists certain categories of persons who are mandatorily required to obtain registration, irrespective of their turnover. Persons who supply goods or services or both through such electronic commerce operator (ECO), who is required to collect tax at source under Section 52, is one such person specified under Section 24(ix). However, where the ECO is liable to pay tax on behalf of the suppliers of services under a notification issued under Section 9(5), the suppliers of such services are entitled for threshold exemption. Besides this ***vide***Notification No. 65/2017-CT dated 15-11-2017, it has been provided that persons who are suppliers of service and supplying services through e-commerce operator are not required to register under GST if their aggregate turnover is less than `20 lakhs

per annum **If *10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland)***

E-commerce Operator : Section 2(45) of the CGST Act defines ECO as any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. Electronic commerce is defined u/s 2(44) to mean the supply of goods or services or both, including digital products over digital or electronic network.
Since Hi-Tech Indya Pvt. Ltd. owns and manages a website for e commerce where both goods and services are supplied, it will be classified as an ECO under Section 2(45).

ECO liable for Registration : Notification No. 17/2017-CT (R) dated 28-06-2017 issued u/s 9(5) specifies services by way of house-keeping, except where the person supplying such service through ECO is liable for registration under Section 22(1), as one such service where the ECO is liable to pay tax on behalf of the suppliers.
In the given case, AB Pvt. Ltd. provides house-keeping services through an ECO. It is presumed that Hi-Tech Indya is an ECO which is required to collect tax at source under Section 52. However, house-keeping services provided by AB Pvt. Ltd., which is not liable for registration under Section 22(1) as its turnover is less than`20 lakh, is a service notified under Section 9(5). Thus, AB Pvt. Ltd. will be entitled for threshold exemption for registration and will not be required to obtain registration even though it supplies services through ECO.

Supply of goods through ECO - Supplier liable for Compulsory Registration : In the second case, AB Pvt. Ltd. sells readymade garments through ECO. Such supply cannot be notified under Section 9(5) as only supplies of services are notified under that Section. Therefore, in the second case, AB Pvt. Ltd. will not be entitled for threshold exemption and will have to compulsorily obtain registration in terms of Section 24(ix).

QUESTION 7.*Registration requirements :* Mahadev Enterprises, a sole proprietorship firm, opened a shopping complex dealing in supply of goods at multiple locations, *i.e.* in Himachal Pradesh, Uttarakhand and Tripura in the month of June.
It has furnished the following details relating to the sale made at such multiple locations for the month of June:-

Particulars	**Himachal Pradesh**	**Uttarakhand**	**Tripura**
	(`)*	(`)	(`)
Intra- State sale of taxable goods	22,50,000	-	7,00,000
Intra-State sale of exempted goods	-	-	6,00,000
Interest received from banks on the fixed deposits	-	-	60,000
Intra-State sale of non-taxable goods	-	21,00,000	40,000

* excluding GST

With the help of the above mentioned information, answer the following questions giving reasons:-
(1) Determine whether Mahadev Enterprises is liable to be registered under GST law and what is the threshold limit of taking registration in this case.
(2) Explain with reasons whether your answer in (1) will change in the following independent cases:
(a) If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh;
(b) If Mahadev Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh;
(c) If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh and has also effected inter - State supplies of taxable goods amounting to`4,00,000. ***(RTP Nov. 2019)***

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

(i)`10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
(ii)`20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
(iii)`40 lakh for rest of India.
The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-
(i)`10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
(ii)`20 lakh for the rest of India.

Aggregate turnover : As per section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of:
(i) all taxable supplies,
(ii) all exempt supplies,
(iii) exports of goods and/or services and
(iv) all inter-State supplies of persons having the same PAN.
The above is computed on all India basis.
In the light of the afore-mentioned provisions, the aggregate turnover of Mahadev Enterprises is computed as under:

Computation of State-wise aggregate turnover of Mahadev Enterprises :

Particulars	**Himachal Pradesh (`)***	**Uttarakhand (`)**	**Tripura (`)**
Intra- State sale of taxable goods	22,50,000	-	7,00,000

Intra-State sale of exempted goods		-	-	6,00,000
Interest received from banks on the fixed deposits	[WN-1]	-	-	60,000
Intra-State sale of non-taxable goods	[WN-2]	-	21,00,000	40,000
Aggregate Turnover		**22,50,000**	**21,00,000**	**14,00,000**

QUESTION 8. Apple manufactures computers, tablets, phones, headphones, music players and more. Management at Apple can divide the overall company performance into smaller segments based on these products to measure where the company is succeeding.

Note: It is similar to AS 17 Business Segments

QUESTION 9. Mr. J has been involved in supplying taxable material in J&K, since, 1st July 2017. His turnover in the month of Nov 2017 exceeded the limit of Rs. 20 lacs. Mr. J is required to register under GST law?

Answer:

Taxable turnover exceeds Rs. 20 lacs, and then the supplier shall apply for registration in the month of Nov 2017. Therefore, Mr. J is required to register under GST law.

QUESTION 10. Mr. C of Calicut is trading on his own goods and also acting as an agent of Mr. B of Bengaluru. Mr. C turnover in the financial year 2017-18 is Rs. 12 lacs in his own account and Rs. 9 lacs on behalf of principal. Whether Mr. C is liable to register compulsorily under GST law.

Answer:

As per explanation 1 in computing the total turnover, both the value of supply on his own account that is Rs. 12 lacs and on behalf of principal Rs. 9 lacs will be aggregated. Hence, the aggregate turnover will be Rs. 21 lacs. Mr. C is liable to register compulsorily under the GST law.

QUESTION 11. Mr. Rajan is a farmer with an annual turnover in relation to agriculture of Rs. 18,00,000 lakh. Since this income is agriculture-related, the turnover is exempt from GST. However, Mr. Rajan also supplies plastic bags worth of Rs. 2,50,000 (taxable goods) along with his crop and charges separately for this. Mr. Rajan is required to register under GST? Advise.

Answer:

Mr. Rajan is required to register under GST because his aggregate turnover exceeds the threshold limit of Rs. 20 lakh.

QUESTION 12. Mr. X a dealer dealing with Intra State supply of goods and services has place of business in India furnished the following information in the financial year 2017-18:

1. Sale of taxable goods by Head Office located in Chennai for Rs. 1,00,000
2. Supply of taxable services by Branch office at Bengaluru for Rs. 50,000
3. Supply of goods exempted from GST Rs. 10,000
4. Export of goods and services for Rs. 2,00,000
5. Sale of goods acting as agent on behalf of principal for Rs. 15,00,000

Answer:

Statement showing aggregate turnover in a Financial Year

Particulars	Value in Rs.
Sale of taxable goods by Head Office located in Chennai	1,00,000
Supply of taxable services by Branch office at Bengaluru	50,000
Supply of goods exempted from GST	10,000
Export of goods and services	2,00,000
Sale of goods acting as agent on behalf of principal	15,00,000
Aggregate turnover	18,60,000

Since, aggregate turnover does not exceeds Rs. 20 lakhs, Mr. X is not required to register under GST.

QUESTION 13. Mr. CMA Manish, an unregistered person under GST, has place of profession in Bhubaneswar, Odisha, supplies taxable services to Infosys Ltd, a registered person under GST in Bangalore.

Answer the following:

(a) Is it inter-State supply or intra-State supply?

(b) Who is liable to pay GST?

Note: Mr. CMA Manish turnover in the P.Y. is Rs. 18 lakhs.

Answer:

Any person making inter-state supply has to compulsorily obtain registration and therefore in such cases, section 5(4) of IGST will not come into play.

However, Services providers providing aggregate supplies including inter-state services up to Rs. 20 lakh will be exempted from GST.

(a) It is inter-State supply.

(b) Mr. C is not liable to pay IGST. Since, registration is not made mandatory to him.

QUESTION 14. M/s Moon Pvt. Ltd. in corporated in Chennai on 1st July 2017 has the following details for the year 2017-18:

S. No.	Particulars	Value (Rs. in lacs)
i	Inter-State exempted supply of goods	4.0
ii	Intra-State supplies of services	5.0
iii	Non-taxable supplies	2.0

iv	Exempted supplies of services	0.60
V	Value of export of goods	7.0

M/s Moon Pvt. Ltd. is required to register compulsorily under GST Law, advise.
Whether your answer is different if S.No. (i) above, inter-State taxable supply goods for Rs. 4 lacs.

Answer:

Aggregate turnover is as follows:

S. No.	Particulars	Value (Rs. in lacs)
I	Inter-State exempted supply of goods	4.0
Ii	Intra-State supplies of services	5.0
Iii	Non-taxable supplies	2.0
Iv	Exempted supplies of services	0.60
V	Value of export of goods	7.0
	Aggregate turnover	18.60

Advise: Since, aggregate turnover of Moon Pvt. Ltd. does not exceeds Rs. 20 lakhs, registration is not compulsory in the financial year 2017-18.
Yes. Our answer is different in the case of M/s Moon Pvt. Ltd. made inter state taxable supply of goods. As per Sec. 24 of the CGST Act, 2017 Person making any inter-state taxable supply of goods is required to register under
GST Law irrespective of his aggregate turnover. Therefore, M/s Moon Pvt. Ltd. is required to register under GST Law.

QUESTION 15. Mr. Gold runs a retail shop for handmade jewellery and is registered in Chennai. Mr. Gold is planning to sell the jewellery at an exhibition in Mumbai, to be held from 1st January 2018 to 10th January 2018. Advise time with regard to registration and payment of GST.

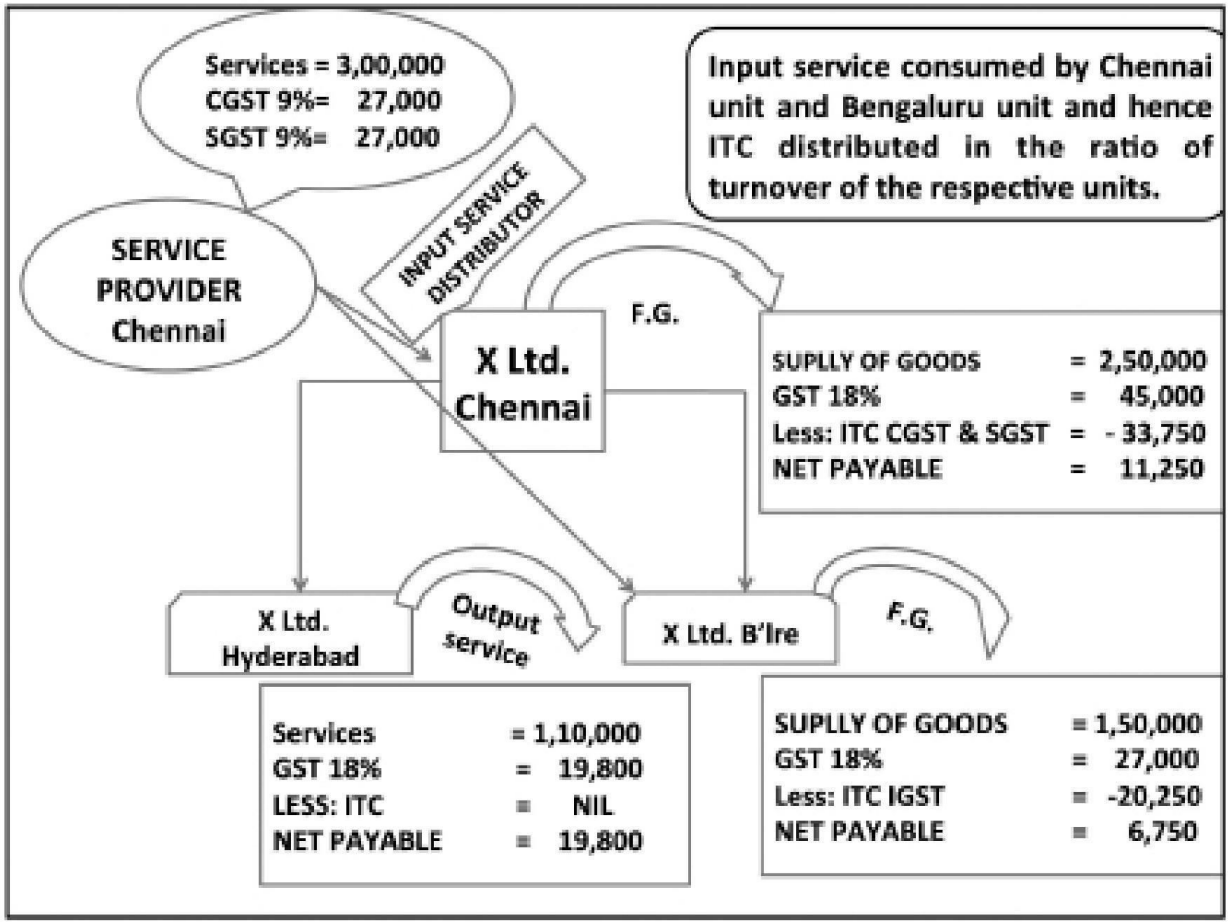
Answer:
Mr. Gold should apply for registration as a casual taxable person within 5 days prior to the date of commencing the exhibition on 1st January 2018. Mr. Gold should also make an advance deposit of the estimated tax liability for the period from 1st January 2018 to 10th January 2018.

QUESTION 16. M/s X Ltd is an advertising company located in Chennai and is registered as a normal taxable person there. Now, they have secured an assignment to manage digital marketing for the Koti Deepothsavam Festival, which will take place in Hyderabad, Telangana. This will require M/s X Ltd. to displace some resources in Hyderabad until the festival is over. Advise M/s X Ltd. to obtain for separate registration in the State of Telangana.

Answer:

In this case, since M/s X Ltd does not have too many assignments coming from Hyderabad, they can register as a Casual Taxable Person in Telangana for 90 days. This will enable the organizers of the festival to take input credit on all GST paid to M/s X Ltd.

QUESTION 17.



QUESTION 18. 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 Rs. 4 lakhs of Central tax, Rs. 4 lakhs of State tax and Rs. 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.

Answer:
M/s X Ltd. can distribute central tax, State tax as well as integrated tax of Rs. 15 lakhs as credit of integrated tax amongst its locations at Bangalore, Chennai, Mumbai and Kolkata through an ISD invoice containing the amount of credit distributed.

QUESTION 19. 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 2017. You are required to distribute the below input tax credit.
(i) CGST and SGST paid on services used only for Mumbai Unit: Rs. 3,00,000/-

(ii) IGST, CGST & SGST paid on services used for all units: Rs. 12,00,000/-Total Turnover of the units for the Financial Year 2016-17 are as follows: -

Unit	Turnover in Rs.
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

Answer:

Statement showing distribution of input tax credit:

Particulars	Credit distributed to all the units			
	Total credit available Z	Mumbai	Chennai	Delhi
CGST & SGST paid on services used only for Mumbai Unit.	3,00,000	3,00,000	0	0
IGST, CGST & SGST paid on services used in all units Distribution on pro-rata basis to all the units which are operational in the current year	12,00,000	6,00,000	3,60,000	2,40,000
Total	15,00,000	9,00,000	3,60,000	2,40,000

Working note:

(1) CGST & SGST paid on services used only for Mumbai Unit should be distributed only to that unit.

(2) Credit distributed pro rata basis on the basis of the turnover of all the units is as under –

		Rs.
(a) Unit Mumbai:	(5,00,00,000/10,00,00,000)*12,00,000	6,00,000
(b) Unit Chennai:	(3,00,00,000/10,00,00,000)*12,00,000	3,60,000
(c) Unit Delhi:	(2,00,00,000/10,00,00,000)*12,00,000	2,40,000

QUESTION 20. Mrs. Lakshmi, intending to start a new business in January, 2020, furnishes the following information pertaining to the period upto 31.03.2020.

Estimated supplies	Rs.
Intra-State supplies of taxable goods	14,00,000
Intra-State supplies of exempt services	4,00,00
Export sales	3,20,000
Supplies made as agent of a principal	2,40,000

Ascertain the aggregate turnover. She wants to know whether she should get herself registered for GST purposes. You are required to help her further what will be the GST payable by her, if the GST rate for taxable goods supplied is 18%.

(7 marks; 2018 - June)

Answer:

Further, what will be the GST payable by her, if the GST rate for taxable

Estimated Supplies	Amount (Rs.)
Intra-State supplies of taxable goods	14,00,000
Intra-State supplies of exempt services	4,00,000
Export sales	3,20,000
Supplies made as agent of a principal	2,40,000
Aggregate turnover	23,60,000

Since the aggregate turnover exceeds Rs. 20 lakhs, Mrs. Laks hmi has to get her registered.

Computation of taxable supplies and GST

Estimated supplies	Amount
Intra-State supplies of taxable goods	14,00,000
Intra-State supplies of exempt services	Nil
Export sales	Nil
Supplies made as agent of a principal	Nil
Aggregate taxable supplies	14,00,000
Estimated GST payable:	
SGST at 9%	1,26,000
CGST at 9%	1,26,000

Alternative answer: As per Sec. 24(vii) of the CGST Act it is states that persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise, have to mandatorily fake registration irrespective of their amount of turnover. As per this provision, threshold limit of Rs. 20 lakhs (Rs. 10 lakhs in special category of states) is not applicable for intermediaries.

QUESTION 21. Mr. Vishnu, who has started a business for supply of goods and services in Tamil Nadu, furnishes the following information pertaining to the period commencing on 01-04-2019 and ended on 31-03-2020:

Sl. No.	Particulars	Amount (Rs.)
(i)	Sale of diesel on which Sale Tax (VAT) is levied by Tamil Nadu Government.	7,00,000
(ii)	Supply of goods, after completion of job work, from the place of Mr. Vishnu, directly by his principal under whom he is registered as job worker.	4,20,000
(iii)	Export supply to Dubai.	6,00,000
(iv)	Supply to its own additional place of business in Tamil Nadu, under same registration.	5,00,000
(v)	Supply of goods exempt from GST.	8,20,000

You are required to help him in deciding whether he has to go for registration under CGST law. (7 marks; 2018 - Dec)

Answer:

Computation of aggregate turnover for CGST registration

S. No	Particulars	Amount (Rs.)
(i)	Sale of diesel on which Sale Tax (VAT) is levied by Tamil Nadu Government. As per Section 2(47) of the CGST Act, 2017, non -taxable supply of goods like diesel, to be also included	7,00,000
(ii)	Supply of goods, after completion of job work, form the place of Vishnu, directly by his principle. This will be treated as the supply of goods by the principle in terms of explanation (ii) to Section 22 of the CGST Act, 2017.	Nil
(iii)	Export supply to Dubai Specifically includible in the aggregate turnover in terms of Section 2(6) of the CGST Act, 2017.	6,00,000
(iv)	Supply to its own additional place of business in TamilNadu Supply made without consideration to units within the same State (under same registration) is a not a supply and hence not includible in aggregate turnover.	Nil
(v)	Supply of goods exempt from GST As per Section 2 (47) of the CGST Act, 2017, supply of exempt goods like diesel, to be also included	8,20,000
	Aggregate turnover for (GST) registration purpose.	21,20,000

Since the aggregate turnover exceeds Rs. 20 lakh, Vishnu has to get himself registered.

Note: As Mr. Vishnu makes export supply, he is a person making interstate taxable supply and is liable for compulsory registration under Section-24 of CGST Act, irrespective of whether his turnover exceeds the threshold limit of Rs. 20 lakhs or not.

Note:
The CG has increased the limit of registration from Rs.20 lakhs to Rs.40 for a person who is engaged in exclusive Supply of goods

QUESTION 22. Pure Oils, Delhi has started the supply of machine oils and high-speed diesel in the month of April; 20XX. The following details have been furnished by it for the said month:

Sl. No.	Particulars	Rs.*
(i)	Supply of machine oils in Delhi	2,00,000
(ii)	Supply of high-speed diesel in Delhi	4,00,000
(iii)	Supply made through Fortis Lubricants-an agent of Pure Oils in Delhi	3,75,000
(iv)	Supply made by Pure Oils from its branch located in Punjab	1,80,000

***excluding GST**
Determine whether Pure Oils is liable for registration. Will your Answer change, if Pure Oils supplies machine oils amounting to Rs. 2,50,000 from its branch located in Himachal Pradesh in addition to the above-mentioned supplies?
(7 marks; 2019 - June)

Answer:
As per **Section 22 of the CGST Act, 2017,** a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds Rs. 20 lakhs.
However, if such taxable supplies are made from any of the specified special category States, namely, States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand, he shall beliable to be registered if his aggregate turnover in a financial year exceeds Rs. 10 lakhs. As per **Section 2(6) of the CGST Act, 2017,** aggregate turnover includes the aggregate value of:
(i) All taxable supplies
(ii) All exempt supplies
(iii) Exports of goods and/ or services and
(iv) All inter-state supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, state tax; union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'. Further, the explanation to **Section 22** provides that the expression "aggregate turnover" shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.

Section 9 of the CGST Act, 2017 Provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. As per **Section 2(47) of the CGST Act, 2017,** exempt supply includes non-taxable supply. Thus, supply of high-speed diesel in Delhi, being a nontaxable supply, is an exempt supply and is, therefore-, includible while computing the aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover for the month of April, 20XX is computed as under:

S. No.	Particulars	Amount (in Rs.)
(i)	Supply of machine oils in Delhi	2,00,000
(ii)	Add: Supply of high-speed diesel in Delhi	4,00,000
(iii)	Add: Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi	-
(iv)	Add: Supply made by Pure Oils from its branch located in Punjab	1,80,000
	Aggregate Turnover	7,80,000

Since the aggregate turnover does not exceed 20 Lakhs, Pure Oils is not liable to be registered.

If Pure Oils made supply of machine oils amounting to Rs. 2,50,000 from its branch in Himachal Pradesh in addition to the above supply, then threshold limit of registration will be reduced to Rs. 10 lakhs as Himachal Pradesh is one of the specified special Category States.

Aggregate Turnover in that case would be Rs. 7,80,000 + Rs. 2,50,000 = Rs. 10,30,000. So, if Pure Oils supplies machine oils amounting to Rs. 2,50,000 from its branch in Himachal Pradesh, then it is liable to be registered.

TAX INVOICE UNDER GST

INTRODUCTION

WHEN A TAX INVOICE IS NEEDED?	1. WHEN A REGISTERED PERSON IS MAKING OUTWARD SUPPLY 2. WHEN A REGISTERED PERSON IS RECEIVING INWARD SUPPLY UNDER REVERSE CHARGE
WHEN A TAX INVOICE IS NOT NEEDED?	1. DEALING ONLY IN EXEMPTED SUPPLIES 2. AVAILING THE COMPOSITION SCHEME (COMPOSITION DEALER)
WHAT WILL BE THE SUBSTITUTE OF INVOICE WHEN IT IS NOT ISSUED?	**BILL OF SUPPLY**
WHEN BOTH INVOICE AND BILL OF SUPPLY ARE NOT NEEDED?	**IF THE VALUE OF THE SUPPLY IS LESS THAN ` 200/-**

IMPORTANCE OF TAX INVOICE

ESSENTIAL DOCUMENT FOR THE RECIPIENT TO AVAIL INPUT TAX CREDIT (ITC)	INVOICE IS AN IMPORTANT INDICATOR OF THE TIME OF SUPPLY.

TIME LIMIT TO ISSUE TAX INVOICE OR BILL OF SUPPLY

GOODS	SERVICES
INVOICE ISSUED BEFORE OR AT THE TIME OF **REMOVAL OF GOODS** FOR SUPPLY TO THE RECIPIENT.	INVOICE SHALL BE ISSUED **BEFORE OR WITHIN 30 DAYS** FROM THE DATE OF THE SUPPLY OF SERVICE.

SPECIAL RULE FOR BANKING/ NBFC/ INSURER

INVOICE SHALL BE ISSUED **BEFORE OR WITHIN 45 DAYS** FROM THE DATE OF THE SUPPLY OF SERVICE.

CONTENTS OF TAX INVOICE

THERE IS NO FORMAT PRESCRIBED FOR AN INVOICE, however, invoice rules makes it mandatory for an invoice to have the following fields (only applicable field are to be filled):

(a) Name, address and GSTIN of the supplier

(b) A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters like hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination there of, unique for a financial year

(c) Date of its issue

(d) Name, address and GSTIN or UIN, if registered, of the recipient.

(e) Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more

(f) HSN code of goods or Accounting Code of Services

(g) Description of goods or services

(h) Quantity in case of goods and unit or Unique Quantity Code there of

(i) Total value of supply of goods or services or both

(j) Taxable value of supply of goods or services or both, taking into account the discount or abatement, if any

(k) Rate of tax (Central tax, State tax, Integrated tax, union territory tax or cess)

(l) Amount of tax charged in respect of taxable goods or services (Central tax, State tax, Integrated tax, union territory tax or cess)

(m) Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce

(n) Address of delivery where the same is different from the place of supply

(o) Whether the tax is payable on reverse charge basis

(p) Signature or digital signature of the supplier or his authorized representative

SIGNATURE/DIGITAL SIGNATURE OF THE SUPPLIER/HIS AUTHORISED REPRESENTATIVE NOT REQUIRED ON

(i) electronic tax invoice
(ii) electronic bill of supply
(iii) electronic consolidated tax invoice in case of banking companies etc. and
(iv) electronic ticket for passenger transportation service

MANNER OF ISSUING TAX INVOICE

(1) The invoice shall be prepared in triplicate, in the case of **supply of goods**, in the following manner, namely,- by marking on face of the invoice

(a) **Original** for Recipient;
(b) **Duplicate** for Transporter; and
(c) **Triplicate** for Supplier.

(2) The invoice shall be prepared in duplicate, in the case of the **supply of services**, in the following manner, namely,-
(a) **Original** for recipient; and
(b) **Duplicate** for supplier.

(3) The serial number of invoices issued during a tax period shall be furnished electronically through the common portal in **FORM GSTR-1.**

INVOICE IN CASE OF CONTINUOUS SUPPLY OF GOODS

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

INVOICE IN CASE OF CONTINUOUS SUPPLY OF SERVICES

(a) Where the **due date of payment is ascertainable** from the contract, the **invoice** shall be issued **on or before the due date of payment**;

(b) Where the **due date of payment is not ascertainable** from the contract, the **invoice** shall be issued **before or at the time when the supplier of service receives the payment;**

(c) Where **the payment is linked to the completion of an event**, the **invoice** shall be issued **on or before the date of completion of that event.**

BILL OF SUPPLY UNDER GST

INTRODUCTION

WHAT IS BILL OF SUPPLY?	A BILL OF SUPPLY IS SIMILAR TO A GST INVOICE EXCEPT THAT BILL OF SUPPLY **DOES NOT CONTAIN ANY TAX AMOUNT** AS THE SELLER CANNOT CHARGE GST TO THE BUYER.
WHEN A BILL OF SUPPLY IS ISSUED?	**1.** DEALING ONLY IN EXEMPTED SUPPLIES **2.** AVAILING THE COMPOSITION SCHEME (COMPOSITION DEALER)

CONTENTS OF BILL OF SUPPLY

A bill of supply shall be issued by the supplier containing the following details:

(a) Name, address and GSTIN of the supplier

(b) A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters like hyphen or dash and slash symbolised as "-" and "/"respectively, and any combination there of, unique for a financial year

(c) Date of its issue

(d) Name, address and GSTIN or UIN, if registered, of the recipient

(e) HSN Code of goods or Accounting Code for Services

(f) Description of goods or services or both

(g) Value of supply of goods or services or both taking into account discount or abatement, if any

(h) Signature or digital signature of the supplier or his authorized representative

CREDIT & DEBIT NOTE UNDER GST

CREDIT NOTE

WHEN A CREDIT NOTE IS NEEDED?	IN CASES WHERE TAX INVOICE HAS BEEN ISSUED FOR A SUPPLY AND **SUBSEQUENTLY IT IS FOUND THAT THE VALUE OR TAX CHARGED IN THAT INVOICE IS MORE THAN WHAT IS ACTUALLY PAYABLE/ CHARGEABLE** OR **WHERE THE RECIPIENT HAS RETURNED THE GOODS**, THE SUPPLIER CAN ISSUE A CREDIT NOTE TO THE RECIPIENT.
REPORTING OF CREDIT NOTE	DECLARATION NEEDED IN THE **RETURN FOR THE MONTH** DURING WHICH SUCH CREDIT NOTE HAS BEEN **ISSUED**
LAST DATE OF CREDIT NOTE REPORTING	• **SEPTEMBER FOLLOWING THE END OF THE FINANCIAL YEAR IN WHICH SUCH SUPPLY WAS MADE** **OR** • **THE DATE OF FURNISHING OF THE RELEVANT ANNUAL RETURN,** **WHICHEVER IS EARLIER.**
WHETHER ONE CREDIT NOTE COVERS ONLY ONE INVOICE	A DEALER MAY ISSUE **ONE CREDIT NOTE** FOR **MULTIPLE INVOICES**

DEBIT NOTE

WHEN A DEBIT NOTE IS NEEDED?	IN CASES WHERE TAX INVOICE HAS BEEN ISSUED FOR A SUPPLY AND **SUBSEQUENTLY IT IS FOUND THAT THE VALUE** **OR** **TAX CHARGED IN THAT INVOICE IS LESS THAN WHAT IS ACTUALLY PAYABLE/ CHARGEABLE,** THE SUPPLIER CAN ISSUE A DEBIT NOTE TO THE RECIPIENT.
REPORTING OF DEBIT NOTE	DECLARATION NEEDED IN THE **RETURN FOR THE MONTH** DURING WHICH SUCH DEBIT NOTE HAS BEEN **ISSUED**

CONTENTS OF CREDIT NOTE & DEBIT NOTE

(a) The word "Credit / Debit Note", wherever applicable, indicated prominently

(b) Name, address and GSTIN of the supplier

(c) Nature of the document

(d) A consecutive serial number containing alphabets or numerals or special characters like hyphen or dash and slash symbolised as "-" and "/"respectively, and any combination thereof, unique for a financial year

(e) Date of issue of the document

(f) Name, address and GSTIN or UIN, if registered, of the recipient

(g) Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered

(h) Serial number and date of the corresponding tax invoice or, as the case may be, bill of supply

(i) Value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient.

(j) Signature or digital signature of the supplier or his authorized representative.

REVISED INVOICE & VARIOUS VOUCERS UNDER GST

REVISED INVOICE

A REGISTERED PERSON **MAY** ISSUE, WITHIN **ONE MONTH** FROM THE DATE OF ISSUANCE OF CERTIFICATE OF REGISTRATION	A REVISED INVOICE AGAINST THE INVOICE ALREADY ISSUED **DURING THE PERIOD** BEGINNING WITH THE EFFECTIVE DATE OF REGISTRATION **TILL THE DATE** OF ISSUANCE OF CERTIFICATE OF REGISTRATION TO HIM.

RECEIPT VOUCHER ON RECEIPT OF ADVANCE PAYMENT

WHEN TO ISSUE	**RATE OF GST**
REGISTERED PERSON HAS TO ISSUE A RECEIPT VOUCHER OR ANY OTHER DOCUMENT, EVIDENCING THE RECEIPT OF ADVANCE PAYMENT.	IF AT THE TIME OF RECEIPT OF ADVANCE, (I) THE **RATE OF TAX** IS **NOT DETERMINABLE**, THE TAX MAY BE PAID**@18%;** (II) THE **NATURE OF SUPPLY** IS **NOT DETERMINABLE**, THE SAME SHALL BE TREATED AS **INTER-STATE SUPPLY.**

REFUND VOUCHER

WHERE ANY SUCH **RECEIPT VOUCHER IS ISSUED,** BUT SUBSEQUENTLY **NO SUPPLY IS MADE** AND NO TAX INVOICE IS ISSUED,	THE REGISTERED PERSON WHO HAS RECEIVED THE ADVANCE PAYMENT CAN ISSUE **A REFUND VOUCHER AGAINST SUCH PAYMENT**

ELECTRONIC TICKET

A REGISTERED PERSON SUPPLYING SERVICES BY WAY OF ADMISSION TO **EXHIBITION OF CINEMATOGRAPH FILMS IN MULTIPLEX SCREENS** SHALL BE REQUIRED TO ISSUE AN ELECTRONIC TICKET	THE SAID **ELECTRONIC TICKET SHALL BE DEEMED TO BE A TAX INVOICE** FOR ALL PURPOSES OF THE ACT, EVEN IF SUCH TICKET DOES NOT CONTAIN THE DETAILS OF THE RECIPIENT OF SERVICE BUT CONTAINS THE OTHER PRESCRIBED INFORMATION

QUESTION 1. *Time limit for issuance of invoice:* Snowwhite Industries Ltd., Delhi, entered into a contract with Glowwhite Entrepreneurs, Delhi, for supply of parts of a machine on 10th September, 2019. The spare parts were to be delivered on 30th September, 2019. Snowwhite Industries Ltd. removed the finished spare parts from its factory on 29th September, 2019. Determine the date by which invoice must be issued by Snowwhite Industries Ltd. under GST law.

Ans: As per the provisions of Section 31, invoice shall be issued before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. Accordingly, in the given case, the invoice must be issued on or before 29th September, 2019.

QUESTION 2. *Time limit for issuance of Invoice :* Mr. Lakhan provides Continuous Supply of Services (CSS) to M/s. TNB Limited. He furnishes the following further information :

(i) Date of commencement of Providing CSS - 01-10-2019
(ii) Date of completion of Providing CSS - 31-01-2020
(iii) Date of receipt of payment by Mr. Lakhan - 30-03-2020

Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances :

(i) If no due date for payment is agreed upon by both under the contract of CSS.
(ii) If payment is linked to the completion of service.
(iii) If M/s. TNB Limited has to make payment on 25-03-2020 as per the contract between them.

Solution: As per **Section 31(5) of CGST Act, 2017,** in case of continuous supply of services the time limit for issuance of invoice is as under —

	Particulars	**Time limit**
(a)	where the due date of payment is ascertainable from the contract	the invoice shall be issued on or before the **due date of payment.**
(b)	where the due date of payment is not ascertainable from the contract	the invoice shall be issued before or at the time when the supplier of service **receives the payment.**
(c)	where the payment is linked to the completion of an event	the invoice shall be issued on or before the **date of completion of that event.**

Thus,-

(a) If no due date for payment is agreed upon by both under the contract of CSS, the invoice shall be issued on or before 30-03-2020.
(b) If payment is linked to the completion of service, the invoice is to be issued on or before 31-01-2020.
(c) If M/s. TNB Limited has to make payment on 25-03-2020 as per the contract between them, the invoice is to be issued on or before the due date of payment as per the contract -25-03-2020.

QUESTION 3. *Registration under GST and issuance of revised tax invoice :* The aggregate turnover of Kamlesh Enterprises Ltd. exceeded`40 lakh on 10th October, 2019. It applied for registration on 27th October, 2019 and was granted the registration certificate on 1st November, 2019. You are required to advice Kamlesh Enterprises Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. ***(Similar MTP May, 2018)***

Ans: As per Section 25 read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Kamlesh Enterprises Ltd.'s turnover exceeded`40 lakh on 10th October, 2019, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which it becomes liable to registration, *i.e.* 10th October, 2019.

QUESTION 4. *Consolidated tax invoice:* Gemini Traders is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

S.No.	Recipient of supply	Amount (`)
(1)	Kamlesh Traders - a registered retail dealer under composition levy	185
(2)	Kalpesh Stationers - an unregistered trader	425
(3)	Hussain - Painter [unregistered]	675
(4)	Shanti Charitable Trust - an unregistered entity	195
(5)	Manisha - a Student [unregistered]	140

None of the recipients require a tax invoice.
Determine in respect of which of the above supplies, Gemini Traders may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day?

Solution: In the given illustration, Gemini Traders can issue a Consolidated Tax Invoice only with respect to supplies made to Shanti Charitable Trust [worth`195] and Manisha [worth`140] as the value of goods supplied to these recipients is less than`200 as also these recipients are unregistered and don't require a tax invoice.
As regards the supply made to Kamlesh Traders, although the value of goods supplied to it is less than`200, Kamlesh Traders is registered under GST. So, Consolidated Tax Invoice cannot be issued.
Consolidated Tax Invoice cannot be issued for supplies of goods made to Kalpesh Stationers and Hussain although both of them are unregistered. The reason for the same is that the value of goods supplied is not less than`200.

QUESTION 5. *Invoice provisions* :Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised

at Hotel Park Royal, Delhi on 4 th January, 2020. For the occasion, it gets the makeover of its models done by Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is`5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February, 2020 showing the lumpsum amount of`5,90,000 inclusive of CGST and SGST @ 9% each. Royal Fashions made the payment the very next day. Answer the following questions:

(i) Examine whether the tax invoice has been issued within the time limit prescribed under law?
(ii) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions?

Solution:
(i) As per section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/banking company or financial institutions including NBFCs] from the date of supply of service.
In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service *i.e.* upto 03-02-2020. However, the invoice has been issued on 10-02-2020.
In such a case, the time of supply as per section 13 of the CGST Act, 2017 would be 04-01-2020 *i.e.* earliest of the following:

(a) Date of provision of service (04-01-2020)
(b) Date of receipt of payment (11-02-2020)
(ii) Section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, *inter alia,* provides that tax invoice shall contain the following particulars-
(a) Total value of supply of goods or services or both;
(b) Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
(c) Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law. In the present case, the tax amount has not been shown separately in the invoice.

QUESTION 6.*Consolidated credit note:* ABC Ltd., a registered supplier has made following taxable supplies to its customer Mr. P in the quarter ending 30th June, 2019.

Date	Bill No.	Particulars	Invoice value (including GST) [T]

5th April, 2019	102	Notebooks [10 in numbers]	1,200
10th May, 2019	197	Chart Paper [4 in number]	600
20th May, 2019	230	Crayon colors [2 packets]	500
2nd June, 2019	254	Poster colors [5 packets]	900
22nd June, 2019	304	Pencil box [4 sets]	700

Goods in respect of bill no. 102, 230 and 254 have been returned by Mr. P. You are required to advise ABC Ltd. whether it can issue consolidated credit note against all the three invoices?

Solution: Where one or more tax invoices have been issued for supply of any goods and/or services and

(a) the taxable value/ tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or

(b) where the goods supplied are returned by the recipient, or

(c) where goods and/or services supplied are found to be deficient,

the registered person, who has supplied such goods and/ or services, may issue to the recipient one or more credit notes for supplies made in a financial year containing prescribed particulars.

Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

Hence, in view of the above-mentioned provisions, M/ s ABC Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.

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) STOCK OF GOODS (D) INPUT TAX CREDIT AVAILED (E) OUTPUT TAX PAYABLE AND PAID (F) ANY OTHER PARTICULARS DEEMED NECESSARY

RULES REGARDING MAINTENANCE OFA CCOUNTS & 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 or • free sample and • the balance of stock including raw materials, 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 suppliers 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 address 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 account relating to additional place of business mentioned in his certificate of registration. **MAY BE ELECTRONIC OR PHYSICAL OR BOTH**

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 books of account maintained manually by the registered person shall be serially numbered.
Rule 56(10)	**RECORDS FOUND ELSEWHERE** If any documents, registers, or any books of account 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(11)	**RECORD MAINTENANCE BY AGENT** Every agent shall maintain accounts 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)	**RECORD MAINTENANCE BY SERVICE PROVIDER** Every registered person supplying services shall maintain the accounts showing quantitative details of goods used in the provision of services, details of input services utilised and the services supplied.
Rule 56(14)	**RECORD MAINTENANCE BY WORKS CONTRACTOR** Every registered person executing works contract 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 services received** for the execution of works contract; (c) description, **value and quantity (wherever applicable) of goods or services utilized** in the execution of works contract; (d) the details of **payment received** in respect of each works contract; and (e) the **names and addresses of suppliers** from whom he received goods or services.
Rule 56(15)	**AUTHETICATION 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(16)	**PRESERVATION PERIOD** Accounts maintained by the registered person together with all the 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 section 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 MAINTENEACE 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 dispatch thereof to a recipient on behalf of any registered person shall maintain **true and correct records** in respect of such **goods handled by him**.
Rule 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 UNDER GST

HEADS OF MAKING PAYMENT OF GST

IGST	CGST	SGST

PERSON LIABLE TO PAY TAX

A **Registered dealer** is required to make GST payment if GST liability exists.	Registered dealer required to pay tax under Reverse Charge Mechanism **(RCM)**	E-commerce operator is required to collect and pay **TCS**	Dealers required deducting **TDS**

HOW TO PAY TAX

ELECTRONIC CASH LEDGER	ELECTRONIC CREDIT LEDGER
By internet banking or by using **Credit or Debit cards** or **National Electronic Fund Transfer** (NEFT) or **Real Time Gross Settlement** (RTGS) or by such other mode as may be prescribed	As per the rules regarding Utilisation of ITC

UTILISATION OF ITC

Inward supply	Outward supply			Remarks
	CGST	SGST	IGST	
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	W.e.f. 1-4-2019 section 49A of CGST Act, 2017 read with Rule 88A of CGST Rules, 2017: IGST credit can be adjusted equally between CGST and SGST or any other proportion at the option of the assessee.

The **input tax credit on account of central tax, State tax or Union territory tax** shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, **only after the input tax credit available on account of integrated tax has first been utilised fully** towards such payment.

SERIAL ORDER OF PAYMENT OF TAX

Step 1	First self-assessed tax,and other dues related to returns of previous tax periods
Step 2	Self-assessed tax, and other dues related to the return of the current tax period
Step 3	Any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74.

"Tax dues" means the tax payable under this Act and does not include interest, fee and penalty	**"Other dues" means** interest, penalty, fee or any other amount payable under this Act or the rules made there under.

MAJOR HEAD & MINOR HEAD

MAJOR HEAD	**MINOR HEAD**
Integrated tax, Central tax, State/UT tax and Cess	Tax, interest, penalty, fee and others
RULE REGARDING HEAD ADJUSTMENTS	
If amount from one major/minor head is intended to be transferred to another major/minor head. Minor head for transfer of amount may be same or different.	The amount from one minor head can also be transferred to another minor head under the same major head.
Amount can be transferred from the head only if balance under that head is available at the time of transfer.	

INTEREST UNDER GST

INTEREST PAYABLE BY TAXPAYER

LATE PAYMENT OF TAX	18% PER ANNUM
INELIGIBLE OR EXCESS ITC AVAILED	24% PER ANNUM
RULES REGARDING INTEREST CALCULATION	
Interest shall be calculated **from the day succeeding the day** on which such tax was due to paid.	Online payments **even made after 8 pm** will be credited on the same day to the taxpayer's account.
Payments under the 10000 rupees limit, it can be done over the counter with cash, cheques, demand draft through authorised banks or through Digital Mode.	Payments **exceeding the amount of ` 10000** will be collected through digital mode only.
Interest payable for actual period of delay, not for whole month.	Interest is payable even if duty/tax is paid before issue of show cause notice

INTEREST PAYABLE BY DEPARTMENT

Refund of tax has been withheld from a person on account of an appeal or proceeding but which is **later found to be eligible to be paid.**	6% PER ANNUM
Refund of tax has **not** been **given** to a person **within 60 days** from the date of receipt of application for refund.	6% PER ANNUM
Refund ordered by an adjudicating authority or Appellate Authority or Appellate Tribunal or court has not been paid to a person within 60 days from the date of receipt of application for refund.	9% PER ANNUM
No refund shall be granted if refund amount is **less than 1,000/-.** So, **no interest** is payable by the Department .	

QUESTION 1.*Major head and minor head:* M/s. Daksha Enterprises has made a cash deposit of `**10,000** under minor head 'tax' of major head SGST. It has a liability of `**2,000** for minor head "Interest" under the major head "SGST". State whether M/s. Daksha Enterprises can utilise the amount available for payment of interest.

Ans: The amount available in the Electronic Cash Ledger in any minor head of a major head cannot be utilised for any other minor head of the same major head. Thus, M/s. Daksha Enterprises cannot utilise the amount available under minor head "tax" for payment of "interest" under major head SGST.

QUESTION 2.*Computation of Interest Liability :* M/s. Salty & Spicy Limited reduced the amount of `1,50,000 from the output tax liability in contravention of provisions of section 42(10) of the CGST Act, 2017 for the month of April 2019, which is ineligible credit. A show cause notice was issued by the Tax Department to pay tax along with interest. M/s. Salty & Spicy Limited paid the tax and interest on 31st July, 2019. Calculate Interest liability (Ignore Penalty).

Solution: A taxable person who makes an undue or excess claim of input tax credit shall pay interest @ 24% p.a. on such undue or excess claim in terms of section 50 of CGST Act, 2017. The period of interest will be from the date following the due date of payment to the actual date of payment of tax. Thus interest liability shall be calculated as under:

Due date of payment of tax	20-05-2019
Actual date of payment of tax	31-07-2019
Period of delay in days	72 days
GST Payable	**1,50,000**
Rate of Interest	24% p.a.
Interest payable [`1,50,000 * 24% * 48/366 (Leap year)] *(Rounded off)*	**7,082**

QUESTION 3.*Computation of GST liability - When purchase and supply made intra-State :* 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.

Solution **:Computation of Taxable value of supply** *(amount in`)*:

Purchase Raw material 'A' from local dealer [`86,100 * 100 +105] [WN]	82,000
Purchase Raw material 'B' from local dealer [`1,12,000 x 100 112] [WN]	1,00,000
Depreciation expense [(`1,96,000 - ` 1,96,000 * 12 + 112) x 15%]	26,250
Other direct and indirect expense	55,460
Total Cost of goods manufactured	**2,63,710**
Cost of goods sold (70% of goods produced were sold)	1,84,597
Add: Profit margin @ 5% of cost	9,230
Taxable value of supply	**1,93,827**

QUESTION 4.*Computation of tax liability - Intra-State purchase and Inter state supply:* 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.

Solution: **Computation of Taxable value of supply and Tax liability** *(amount in`)*:

Inputs purchased from local dealer	[WN-1]	1,00,000
Depreciation expense		15,000
Manufacturing Expense and profits		55,000
Taxable value of supply		**1,70,000**
Output tax Liability (IGST @ 18%)		30,600
Less: Input tax credit available on :	[WN-2]	
Inputs —		
> CGST		2,500
> SGST		2,500
Capital goods —		
> CGST		9,000
> SGST		9,000
IGST to be deposited in cash		**7,600**

QUESTION 5. *Computation of Tax liability - Inter state purchase and Inter/ Intra-State supply:* Mr. K ofKolkata 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.

Solution: **Computation of taxable value of supply** *(amount in `)*:

Purchases of raw material from Mr. A of Assam	[WN-1]	1,00,000
Purchases of raw material from dealer opted for composition scheme	[WN-2]	1,25,000
Other direct and indirect expenses		50,000
Total Cost of goods manufactured		**2,75,000**
Add: Profit margin @ 12% of cost		33,000
Taxable value of supply		**3,08,000**
Goods sold to Mr. M of Mumbai (70% of goods produced)		2,15,600
Goods sold to Mr. N of Kolkata (30% of goods produced)		92,400

Computation of GST liability *(amount in :*

Particulars	CGST @ 6%	SGST @ 6%	IGST @ 12%
Goods sold to Mr. M of Mumbai	-	-	25,872
Goods sold to Mr. N of Kolkatta	5,544	5,544	-
Less: Eligible input tax credit in respect of purchases of— Raw material (from Assam)			-18,000
CGST/SGST/IGST to be paid in cash	5,544	5,544	**7,872**

QUESTION 6. *Computation of Tax liability - Inter/ Intra-State purchase and Inter/ Intra-State supply:* Vivitha & Co., a registered dealer in Ludhiana, furnishes the following details of purchases and sales pertaining to the month of July:

	?
Goods 'A' purchased from local market (including GST @ 12%)	50,400
Goods 'B' purchased from Jaipur (including IGST @ 18%) Sales made during the month to dealer of Kolkata of product:	82,600
^ 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.

Solution: **Computation of GST liability** *(amount in`)*

Particulars	CGST	SGST	IGST
Inter-State Sale:			
Goods A' sold to Kolkata (IGST @ 12%)	-	-	9,600
Goods 'B' sold to Kolkata (IGST @ 18%)	-	-	8,100
Intra-State Sale:			
Goods 'B' sold within state (CGST/SGST @ 9% each)	3,150	3,150	-
Less: Eligible ITC [(`50,400 x 100/112) x 12%] [( `82,600 x 100/118) x 18%]	2,700	2,700	12,600
Net amount of CGST/ SGST/ IGST payable	**450**	**450**	**5,100**

QUESTION 7. M/s X Ltd. being a registered person supplying taxable goods in the following manner:

Particulars	Rs.
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% and18% 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.

Answer:

Statement showing input tax credit (i.e. Electronic Credit Ledger)

Particulars	CGST RS.	SGST RS.	IGST RS.
Opening balance	1,30,000	1,30,000	1,70,000
Add: ITC for the tax period	1,17,000	1,17,000	27,000
Total credit	2,47,000	2,47,000	1,97,000

Statement showing Net GST payable by M/s X Ltd for the tax period

Particulars	CGST RS.	SGST RS.	IGST RS.
Output tax	1,62,000	1,62,000	2,34,000
Less: ITC allowed	-2,47,000	-2,47,000	-1,97,000
Sub-total	-85,000	-85,000	37,000
Less: CGST credit adjusted against IGST	37,000	Nil	-37,000

Net GST liability	Nil	Nil	Nil
Excess ITC c/f	48,000	85,000	Nil

QUESTION 8. Mr. A has output Tax Liability of Rs. 1,00,000/- towards CGST & SGST/UGST and Rs. 20,000 towards IGST and also interest payable of Rs. 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 Rs. 25,000/- each & IGST is Rs. 25,000/2. Input tax credit not available.

Answer:

Case 1:

In case Input Tax credit available

Ledger	Particulars	CGST	SGST	IGST	Interest payable	Total
Electronic liability ledger	Output tax payable	50,000	50,000	20,000	1,800	1,21,800
Electronic credit ledger	Input Tax Credit	25,000	25,000	25,000		75,000
	Net output tax liability	25,000	25,000	-		50,000
	IGST Credit set off	5,000 (Note-1)				5,000
Electronic cash ledger	Cash to be deposited	20,000	25,000	-	1800 (Note-2)	46,800

Note-

1. IGST Credit can be adjusted against CGST & SGST.
2. Interest cannot be adjusted with Input Tax credit

Case 2:

In case Input Tax credit is not available-

Ledger	Particulars	CGST	SGST	IGST	Interest payable	Total
Electronic liability ledger	Output tax payable	50,000	50,000	20,000	1,800	1,21,800
Electronic Cash ledger	Amount to be deposited	50,000	50,000	20,000	1,800	1,21,800

Order of claiming input tax credit is as follows-

QUESTION 9.Y Ltd. is operating in two states Andhra Pradesh and Tamil Nadu. The tax liability for the month of August 2017 is as follows-

S. 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 2017.

Answer:

Net Tax payable for the month of August is as follows-

Particulars	Andhra Pradesh			Tamil Nadu		
	CGST	SGST	IGST	CGST	SGST	IGST
Output tax	25,000	10,000	3,000	10,000	5,000	2,500
Input credit available for setoff	8,000	15,000	12,000	13,000	1,500	16,000
Input credit adjusted	8,000	10,000	3,000	10,000	1,500	2,500
Tax payable after setting of ITC	17,000	-	-	-	3,500	-
Input Tax available for further set-off		5,000	9,000	3,000	-	13,500
Inter Adjustment of ITC	9,000	-	(9,000) (Note-1)	-	3,500	(3,500)
Net Tax payable in cash	8,000	nil	nil	nil	nil	nil
Input credit carry forwarded to next month		5,000	-	3,000	-	10,000

Notes-

1. IGST Input tax credit can be adjusted against Output tax of liability of IGST, CGST, SGST, UTGST (set off can be done in same Order)
2. SGST Input tax credit cannot be adjusted against output CGST & Vice-Versa.
3. CGST & SGST Input tax credit of one State cannot be adjusted against Output CGST & SGST of other state (same principle is applicable to IGST credit also).

As per section 49(6) of the CGST Act, 2017 the balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of section 54.

As per section 49(7) of the CGST Act, 2017 all liabilities of a taxable person under this Act shall be recorded and maintained in an electronic liability register in such manner as may be prescribed.

As per section 49(8) of the CGST Act, 2017 every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order, namely:-

The following order shall be maintained while settling the tax liability:

Step 1	First self-assessed tax, and other dues related to returns of previous tax periods
Step 2	Self-assessed tax, and other dues related to the return of the current tax period;

Step 3	Any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74.

As per section 49(9) of the CGST Act, 2017 Every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.

Explanation. — For the purposes of this section,—

(a) The date of credit to the account of the Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger;

(b) The expression,-

(i) "Tax dues" means the tax payable under this Act and does not include interest, fee and penalty; and

(ii) "Other dues" means interest, penalty, fee or any other amount payable under this Act or the rules made thereunder.

QUESTION 10. X Ltd. has following tax liabilities under the provisions of Act-

S. No	Particulars	Amount
1.	Tax liability of CGST, SGST/UGST, IGST for supplies made during August 2017	1,00,000
2.	Interest & Penalty on delayed payment and filing of returns belonging to August 2017	20,000
3.	Tax liability of CGST, SGST/UGST, IGST for supplies made during September 2017	1,20,000
4.	Interest & Penalty on delayed payment and filing of returns belonging to September 2017	20,000
5.	Demand raised as per section 73 or section 74 under CGST Act, 2017 belonging to July 2017	8,00,000
6.	Demand raised as per the old provisions of Indirect Taxes	1,00,000

X Ltd. has Rs. 5,00,000 in Electronic cash ledger. Suggest X Ltd. in discharging the tax liability.

Answer:

Balance in Electronic cash ledger can be used in the following manner to discharge tax liability by X Ltd.-

Particulars	Amount
Balance available in Electronic cash ledger	5,00,000
Less-	
Tax liability of CGST, SGST/UGST, IGST for supplies made during August 2017	(1,00,000)
Interest & Penalty on delayed payment and filing of returns belonging to August 2017	(20,000)
Tax liability of CGST, SGST/UGST, IGST for supplies made during September 2017	(1,20,000)
Interest & Penalty on delayed payment and filing of returns belonging to September 2017	(20,000)

Demand raised as per section 73 or section 74 under CGST Act, 2017	(2,40,000)
Balance in electronic cash ledger	Nil

The balance amount of Rs. 5,60,000 towards demand raised under section 73 or section 74 under CGST Act, 2017 to be discharged before discharging liability of demand rose under old provisions of Indirect Taxes.

QUESTION 11. M/s Rajendra Dyeing Pvt. Ltd. supplied goods worth Rs. 10,00,000 to M/s Y Ltd in the month of of September, 2017 plus GST 12%. M/s Rajendra Dyeing Pvt. Ltd. paid the GST on 5th December 2018. The amount of input tax credit is 70,000 is available in the books. Calculation of interest payment if any under section 50 of the CGST Act, 2017.

Answer:

Tax = Rs.1,20,000
Less: ITC = Rs. (70,000)
Tax payable = Rs. 50,000

Interest shall be calculated from the next day of the due date of payment from 21st October 2017 to the actual date of payment i.e. 5th December 2018.

Interest is Rs. 50,000*18%*411/365 = Rs. 10,134/-

QUESTION 12. M/s Nose Ltd. reduced the amount of Rs. 2,25,000 from the output tax liability in contravention of the provisions of section 42(10) of the CGST Act, 2017 in the month of January 2018 (vide invoice date 12.01.2018), which is ineligible credit at invoice level. As a result a show cause notice issued Central Tax Department under section 74 of the CGST Act, 2017 along with interest. M/s Nose Ltd paid the tax and interest on 5th March 2018. Find the interest liability if any?
Note: ignore the penalty.

Answer:

As per section 42(10) read with section 50(3) of the CGST Act, 2017 amount reduced from the output tax liability in contravention of the provisions of section 42(7) shall be added to the output tax liability of the recipient in his return for the month in which such contravention takes place and such recipient shall be liable to pay interest on the amount so added at the rate specified in section 50(3) of the CGST Act, 2017.

Therefore, applicable rate of interest is @24% per annum.

January month return due date is 20th of February 2018.

Interest = Rs. 1,923/- (Rs. 2,25,000 x 24% x 13/365)

Note: from 21st February 2018 to 5th March 2018 = 13 days

QUESTION 13. X Ltd. manufactured and cleared taxable goods on 1st August 2017 for Rs. 20,00,000 plus GST 12%. After payment of GST on or before the due date, it is noticed that these goods are exempted from GST and applied for want refund of GST on 15th November 2017. Department acknowledged the receipt on 15th December November 2017. Department granted the refund on 23rd January 2018.

Find the interest if any on delay refund. Note: X Ltd. not passed ITC to recipient of supply.

Answer:

From 15th November 2017 to 22nd January 2018	= 69 days
Less: from 15th November 2017 to 13th Jan 2018	= (60) days
No. of days delay	= 9 days
Interest = Rs. 355/- (i.e. 2,40,000 x 6% x 9/365)	

TDS UNDER GST

TDS DEDUCTORS

DEPARTMENT OR ESTABLISHMENT OF CENTRAL GOVERNMENT OR STATE GOVERNMENT	**LOCAL AUTHORITY**.
GOVERNMENT AGENCIES	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**, (i) **set up by an Act** of Parliament or a State Legislature; or (ii) **established by any Government**, with **fifty-one percent** or more participation by way of equity or control, to carry out 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)	

EXEMPTION 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	**2%**
PAYMENT THRESHOLD FOR TDS	THE TOTAL VALUE OF SUPPLY UNDER **'A CONTRACT'** EXCEEDS INR **2.5 LAKHS**
WHETHER VALUE OF SUPPLY WILL INCLUDE TAX AMOUNT	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 TEN 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	(A) CONTRACT VALUE (B) RATE OF DEDUCTION (C) AMOUNT DEDUCTED (D) AMOUNT PAID TO THE APPROPRIATE GOVERNMENT (E) ANY OTHER PARTICULARS AS MAY BE PRESCRIBED
TIMI LIMIT OF PROVIDING CERTIFICATE	WITHIN **FIVE DAYS** OF REMITTANCE
PENALTY FOR NOT FURNISHING CERTIFICATE	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	**I. INDIVIDUAL BILL-WISE** DEDUCTION AND ITS DEPOSIT TO THE GOVERNMENT BY DDO **II. BUNCHING OF DEDUCTIONS** AND ITS DEPOSIT BY DDO

TCS UNDER GST

BASICS

TCS = TAX COLLECTION AT SOURCE	IT IS A CONCEPT BORROWED FROM THE INCOME TAX

LET US SAY
INR 1180 is the invoice value
(Basic amount is INR 1000 plus tax is INR 180).

Then the 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 be paid to the concerned supplier.

PERSON LIABLE TO COLLECT TCS

EVERY E-COMMERCE OPERATOR OTHER THAN AN AGENT

HENCE COMPANIES LIKE AMAZON, FLIPKART, ETC. WHICH DISPLAYS/LISTS ON THEIR PORTAL PRODUCTS AS WELL AS SERVICES WHICH ARE ACTUALLY SUPPLIED BY SOME OTHER PERSON TO THE CONSUMER ARE ELECTRONIC COMMERCE OPERATOR.

RULES REGARDING TCS

RATE OF TCS	1%
TCS IS CALCULATED	**Net Value of Taxable Supplies =** [(Aggregate Value of Taxable Supplies of Goods + Services) – (Section 9(5) Services)]} – (Aggregate Value of Returned Taxable Supplies + Goods)]

WHETHER VALUE OF SUPPLY WILL INCLUDE TAX AMOUNT	VALUE OF SUPPLY SHALL **EXCLUDE** THE TAX INDICATED IN THE INVOICE
THRESHOLD EXEMPTION FROM TCS	NO SUCH THRESHOLD
WHAT ABOUT THE SUPPLY MADE BY ECO ON ITS OWN	HOWEVER, THE SUPPLIES MADE BY THE ELECTRONIC COMMERCE OPERATOR **ON ITS OWN ACCOUNT ARE NOT SUBJECT TO TCS** REQUIREMENTS SINCE THE ABOVE STATED CONDITIONS ARE NOT FULFILLED.
DEPOSIT OF TCS AMOUNT WITH GOVERNMENT	WITHIN **TEN DAYS** AFTER THE END OF THE MONTH IN WHICH SUCH COLLECTION IS MADE
PAYMENT OF TCS THROUGH ITC	NOT ALLOWED
TCS TO BE INDICATED IN INVOICE	NOT REQUIRED
TCS CERTIFICATE	NO PROVISION OF TCS CERTIFICATE

PENALTIES

TCS NOT COLLECTED	**TCS COLLECTED BUT NOT PAID TO THE GOVERNMENT**	**LATE FILING OF TCS RETURNS**
INR 10,000/- OR THE AMOUNT NOT COLLECTED OR SHORT COLLECTED, WHICHEVER IS HIGHER.	RECOVERY BY DEPARTMENT WITH PENALTY U/S 122	GENERAL PENALTY UP TO INR 25,000/-

RETURNS 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 CGST Act, 2017).	MONTHLY	10TH OF NEXT MONTH
GSTR-2	Details of **inward supplies** 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 supplies and inward supplies along with the payment of amount of tax (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 POST QUARTER

GSTR-5	Return for **Non-Resident foreign taxable person** (Section 39(5) of the CGST Act, 2017)	MONTHLY	20TH OF NEXT MONTH OR WITHIN 7 DAYS AFTER REGISTRATION EXPIRES WHICHEVER IS EARLIER
GSTR-6	Return for **Input Service Distributor** (Section 39(4) of the CGST Act, 2017)	MONTHLY	13TH OF NEXT MONTH
GSTR-7	Return for authorities **deducting tax at source** (Section 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** (section 44 of the CGST Act,2017) (a) Who Files: Registered Person other than an ISD, TDS/TCS Taxpayer, Casual Taxable Person and Non-resident Taxpayer. (b) In this return, the taxpayer needs to furnish details of expenditure and details of income for the entire Financial Year. (c) The persons who are non-residents and are providing OIDAR service in India to unregistered persons have been exempted from submitting GSTR-9 and GSTR-9C (vide NT 30/2019 CT dated 28/6/2019)	ANNUALLY	31ST DECEMBER OF NEXT FINANCIAL YEAR
GSTR-10	**Final Return** (Section 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,

			WHICHEVER IS LATER.
GSTR-11	Details of **inward supplies** to be furnished by a person having **UIN** and claiming refund	MONTHLY	28TH OF THE MONTH FOLLOWING THE MONTH FOR WHICH STATEMENT IS FILED

SPECIAL RULE FOR COMPOSITION DEALER

(i) They will furnish Form **GST CMP-08** 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.

(ii) 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, OR	FURNISHING OF THE RELEVANT **ANNUAL RETURN,**
WHICHEVER IS EARLIER.	

PENALTY / LATE FEE

• As per GST Act Late fee is ` **100 per day per Act.**	So it is **100 under CGST & 100 under SGST**.
Total will be ` **200/ day.**	Maximum is ` **5,000**.
There is **no late fee on IGST**.	If the GSTR is **not fled 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; and (e) tax amount
MATCHING HAPPENS WHEN ITC CLAIMED BYRECEIVER **IS EQUAL TO OR LESS THAN** THE OUTWARD TAX PAID BY SUPPLIER	

INSTANCES OF MATCHING MISMATCHING

All Transactions where **Input credit details** of recipient are **matched** for output tax as stated by supplier and recipient	The transaction is treated as **matched 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**	COMMUNICATION TO **SUPPLIER**
GST **MIS-1**	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 recipientin his return to be furnished

QUESTION 1.M/s X Ltd., being a registered person submitted the GSTR-3 for the month of January 2018 by 20th February 2018. After the last date of filing return (i.e. GSTR-3), matching of information will be made with the information furnished in GSTR-2 (i.e. by the recipient of supplies) on or before 15th February 2018. Discrepancy in matching will be communicated to persons in GST MIS-1 and/ GST MIS-2.

QUESTION 2. Matching of ITC: Mr. A, a registered supplier, supplies goods valuing Rs. 10,00,000 plus GST @ 12% to Mr. B on 0907-2017, incorporating these supplies in the details of outward supplies for the month of July 2017 furnished by him on 10-08-2017. However, Mr. B claimed input tax credit @ 18% in respect of the said supplies and furnished his return for the said month. On matching being carried out the discrepancy was noticed and the same was communicated to both the parties on 31-08-2107. Mr. B did not rectify the same in the return for the month of August, 2017 i.e upto 20-9-2017. In whose tax liability this mismatch will be added?

Answer:
As per provisions of section 42(5) of CGST ACT, 2017, the amount in respect of which any discrepancy is communicated under section 42(3) and which is not rectified by the supplier in his valid return for the month in which discrepancy is communicated shall be added to the output tax liability of the recipient in his return for the month succeeding the month in which discrepancy is communicated. Thus, the amount of Rs. 60,000 [Rs. 1,80,000 – Rs. 1,20,000] will be added to the output tax liability of Mr. B in the return for the month of September, 2017. The return for the month of September 2017 is to be filled on 20-10-2017. Thus, he will be liable to pay the said amount along with interest @ 18% p.a for the period from the date of availing the credit till the date of furnishing the return for the month of September, 2017 i.e 20-10-2017.

QUESTION 3.ABC tea co. supplied 1000 bags to XYZ co. GST paid on such supply was Rs. 1,80,000,. Subsequently, XYZ Co. returned 400 bags. Resultantly, ABC Co. issued a credit note to XYZ Co. and disclosed it in GSTR – 1.
Accordingly, ABC Co. claimed reduction in output tax liability of Rs. 72,000 based on such credit note. Thus, there must be a corresponding reduction of ITC Claim by XYZ Co. also. In this Case, if XYZ Co. has claimed an ITC in respect of purchased from ABC Co. of (Rs. 1,80,000- Rs. 72,000) Rs. 1,08,000 in his GSTR-2 for the said month, claim for reduction in output tax liability of ABC ltd. Shall be considered as "MATCHED".

QUESTION 4. Mr. H returns the goods supplied by Mr. R on which GST of Rs. 18,000 is paid. Mr. R – the supplier – issues a credit note and furnishes the same in his FORM GSTR-1. Mr. H - the recipient reduces the corresponding amount of ITC Claim in his GSTR-2 by Rs. 6,000. Both the parties furnish their return GSTR -3 after which the mismatch was reported and the discrepancy to the effect that Mr. H has claimed

excess input tax credit of Rs. 2000 is communicated to Mr. R and Mr. H in Form GST MIS-1 and Form GST MIS-2 respectively.

In this case, discrepancy has to rectified by the recipient – Mr. H in his return for the month in which said discrepancy is made available.

QUESTION 5. Rectification of mistakes: Mr. X filed the return for outward supplies for the month of August, 2017 on 20-09-2017. Subsequently, while furnishing the return for December 2017, he noticed that he had omitted to consider certain transactions corresponding to the supplies of August, 2017. Can he rectify the return for August 2017 now? What remedial action can be taken by him?

Answer:

As per Section 39(9) of the GST Act, 2017, subject to the provisions of Section 37 and 28, if any registered person, after furnishing the return under section 39(1)/(2)/(3)/(4)/(5) discovers any omission or any incorrect particulars therein, he shall rectify the same in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed. Thus, there is no scope for filing of revised return but the rectification can be made in the month in which it is discovered. Herein, the rectification can be made in the return for the month of December. However, time limit has been prescribed within which the rectification can be made, being earlier of –

- Due date for furnishing of return for the month of September or second quarter following the end of the financial year i.e. 20th October or
- The actual date of furnishing of relevant annual return Here, the rectification can be made by 20-10-2018 being the due date for filing of the return for September 2018 or the date of filing of the annual return, whichever is earlier.

QUESTION 6. Deemed match transactions : The output tax liability of Mr. A, a registered supplier in respect of supplies made to Mr. B, for the month of July 2017 is `35,000 after considering his claim for reduction in his output tax liability on account of issuance of a credit note of Rs. 10,000. Whereas the corresponding input tax credit claimed by Mr. B in his valid return (after considering the reduction in ITC admitted and discharged on such credit note) is Rs. 32,000. What shall be impact of such transactions?

Answer:

As per Explanation (ii) to Rule 69 of CGST Rule, 2017, claim of reduction in the output tax liability shall be considered as matched, where the amount of reduction claimed is equal to or less than the claim of reduction in ITC admitted and discharged on such credit note by the corresponding recipient in his valid return. In the given case net output tax liability of Mr. A is ` 35,000 after taking into accounting the reduction claimed which is more than input tax credit by Mr. B in respect of same supply i.e Rs. 32,000 so, no output tax liability shall be added to the account of Mr. A as a result of such Mismatch.

QUESTION 7. Matching of Output tax liability: Mr. X, a registered supplier, supplied services valuing Rs. 10,00,000 plus GST @12% to Mr. Y on 09-10-2017, incorporating these supplies in the details of outward supplies furnished for the month of October 2017 on 10-11-2017. Mr. Y recorded the said supplies as his inward supplies and accordingly, claimed ITC on said inward supplies and furnished his return. There was disagreement regarding the quality of service and Mr. X issued a credit note on 15-12-2017 in favour of Mr. Y amounting Rs. 2,00,000 and reduced his output tax liability amounting to Rs. 24,000 in the return furnished for the month of December 2017 on 20th January 2018. However, Mr. Y did not reverse his ITC amounting to Rs. 24,000 in the return furnished for the month of December 2017. On matching being carried out the discrepancy was noticed and the same was communicated to both the parties on 31-01-2018. The said discrepancy was not corrected by Mr. Y in the return furnished for the month of January 2018, In whose tax liability this mismatch will be added?

Answer:

As per provision of Section 43(3) of CGST Act, 2017, where the reduction of output tax liability in respect of outward supplies exceeds the corresponding reduction in the claim for ITC or the corresponding credit note is not declared by the recipient in his valid return, the discrepancy shall be communicate to both such parties upto the end of the month in which such matching si carried out i.e 31st January 2018.

A recipient to whom any discrepancy is communicated may make suitable rectifications in the statement of inward supplies to be furnished for the month in which discrepancy is made available i.e upto 20th February 2018. Where the discrepancy is not rectified by the recipient, an mount to the extend of discrepancy shall be added to the output tax liability of the supplier debited to the electronic liability register and also shown in his return in FORM GSTR-3 for the month succeeding the month in which the discrepancy is made available. Thus, in this case since Mr. Y has not rectified the discrepancy in the return filed for the month of January 2018, i.e upto 20th February 201, therefore the said amount of Rs. 2,40,000 shall be added to the output tax liability of the supplier i.e. Mr. X in the return of the month of February 2018 which is filed on 20th March 2018. In this case Mr. X will be liable to pay interest from 20th January 2018 to 20th March 2018 i.e. Rs. 24,000×18%×59/365 = Rs. 698.3

QUESTION 8. Mr. A supplied goods to Mr. B for Rs. 2,00,000 plus GST 18%, vide Invoice No. 99 dated 5th November 2017. Mr. B availed the ITC of Rs. 36,000 and confirmed in GSTR-2. However, invoice no. 99 dated 5th November 2017 not reflected in GSTR-1, of Mr. A. You are required to answer the following:

(a) When matching will takes through common portal of GSTN.

(b) To whom discrepancy will be informed.

(c) Time limit for rectification of discrepancy

(d) Whether ITC is allowed to Mr. B, if Mr. A is not paid tax till 20thJanuary 2018.

(e) Mr. B communicated the problem to Mr. A, who looks into the issue and rectified the discrepancy and included invoice no. 99 in his GSTR-3 for January 2018 accordingly he paid tax on 20th Feb 2018. If so Mr. B can reduce his liability?

Answer:

(a) Matching will take place only after the due date of GSTR-3 for the month of November 2017. In the given case matching will takes place after 20th December 2017.

(b) Discrepancy is to be communicated by the common portal GSTN to supplier (i.e. Mr. A) in the Form GST MIS2.

(c) Time limit for rectification is 20th January 2018 (i.e. Due date of filling FORM GSTR-3 for the month succeeding the month in which the discrepancy is made available). Mr. A should pay tax on it (as per Rule 71(4) of the CGST Rules, 2017).

(d) Input tax credit of ` 36,000 shall be added to the output tax liability of Mr. B in his return to be furnished in FORM GSTR-3 for the month succeeding the month in which the discrepancy is made available (i.e. 20th Feb 2018) with interest @18%.

(e) As per section 42(7) of the CGST Act, 2017 Mr. B can reduce the amount from his output tax liability and the interest paid will be refunded to his electronic cash ledger account under section 42(9) of the CGST Act, 2017.

AUDIT UNDER GST

MEANING

It means the **EXAMINATION OF RECORDS, RETURNS AND OTHER DOCUMENTS** maintained or furnished by the registered person under the GST Acts or the rules made there under 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, and to assess his compliance with the provisions of the GST Acts or the rules made thereunder.

TYPES OF AUDIT IN GST

By Chartered Accountant or a Cost Accountant	**By Tax Authorities**	**Special Audit**
IF TURNOVER EXCEEDS **2 CRORES**	TO BE DONE BY **THE COMMISSIONER** OR ANY OFFICER AUTHORISED BY HIM	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 six 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	● Documents on the basis of which the books of account are maintained and the returns and statements furnished under the provisions of the Act and the rules made there under ● Correctness of the turnover ● Exemptions and deductions claimed ● Rate of tax applied in respect of the supply of goods or services or both ● Input tax credit availed and utilised ● Refund claimed ● Other relevant issues
ACTION AFTER AUDIT	PROPER OFFICER MAY INITIATE ACTION UNDER SECTION 73 OR SECTION 74

SPECIAL AUDIT

DIRECTION TO DO SPECIAL AUDIT	Assistant Commissioner with the prior approval of the Commissioner FORM GST ADT-03
PRIOR NOTICE	NO PRIOR NOTICE

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
EXTENSION OF AUDIT COMPLETION PERIOD	further period not exceeding 90 days
FINDINGS OF AUDIT	GST ADT-04
ACTION AFTER AUDIT	PROPER OFFICER MAY INITIATE ACTION UNDER SECTION 73 OR SECTION 74

DIFFERENCE BETWEEN AUDIT BY TAX AUTHORITIES AND SPECIAL AUDIT

Components	Section 65	Section 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	o 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 reports should be intimated soon upon completion of the audit	Audit reports should be shown to deputy/ assistant commissioner
The opportunity of being heard	No specific provision	Yes, where material gathered during the audit is to be used in any proceedings against the auditee
Action based on a report	Yes, under section 73 by the issuance of SCN (Show Cause Notice)	Yes, under section 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 mandatorily even if the Value of the consignment of Goods is less than ` 50,000

Inter-State movement of Goods by the Principal to the Job-worker by Principal/ registered Job-worker	Inter-State Transport of **Handicraft goods** by a dealer exempted from GST registration

WHO WILL GENERATE E WAY BILL

REGISTERED PERSON	UNREGISTERED PERSONS	TRANSPORTER
When there is a movement of goods of **more than ` 50,000 in value** to or from a Registered Person	However, where a **supply** is made **by** an **unregistered person to a registered person,** the receiver will have to ensure all the compliances.	Transporters 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	EWB-02
GENERAL E-WAY BILL	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 EWAY BILL IN PHYSICAL FORM OR E WAY BILL NUMBER IN ELECTRONIC FORM OR MAPPED TO A RADIO FREQUENCY IDENTIOFICATION 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;

and

- 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 E WAY BILL

1. Non-motor vehicle
2. Goods transported from Customs port, airport, air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs.
3. Goods transported under Customs supervision or under customs seal
4. Goods transported under Customs Bond from ICD to Customs port or from one custom station to another.
5. Transit cargo transported to or from Nepal or Bhutan
6. Movement of goods caused by defence formation under Ministryof defence as aconsignor or consignee
7. Empty Cargo containers are being transported
8. Consignor transporting goods to or from between place of business and a weighbridge for weighment at a distance of 20kms, accompanied by a Delivery challan.
9. Goods being transported by rail where the Consignor of goods is the Central Government, State Governments or a local authority.
10. Goods specified as exempt from E-Way bill requirements in the respective State/UT
11. Transport of certain specified goods- Includes the list ofexempt supplyof goods, Annexure to Rule 138(14), goods treated as no supply as per Schedule III, Certain schedule to Central tax Rate notifications.
12. 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.
13. For movement of empty cylinders for packing of liquefied petroleum gas other than supply, No E-Waybill will be required

VALIDITY PERIOD OF E WAY BILL

Type of conveyance	Distance	Validity of EWB
Other than Over dimensional cargo	Less Than 100 Kms	1 Day
	For every additional 100 Kms or part thereof	additional 1 Day
For Over dimensional cargo	Less Than 20 Kms	1 Day
	For every additional 20 Kms or part thereof	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**

QUESTION 1.*Requirement to generate E- ivay bill :* Power Electricals Ltd., a registered supplier of air- conditioners, is required to send from Mumbai (Maharashtra), a consignment of parts of air-conditioner to be replaced under warranty at various client locations in Gujarat. The value of consignment declared in delivery challan accompanying the goods is`70,000. Power Electricals Ltd. claims that since movement of goods to Gujarat is caused due to reasons other than supply, e-way bill is not mandatorily required to be generated in this case. You are required to examine the technical veracity of the claim made by Power Electricals Ltd.

Solution **:E-way bill to be generated even if movement of goods is by reasons other than supply** : The goods to be moved to another State for replacement under warranty is not a 'supply'. However, rule 138(1) of the CGST Act, 2017, *inter alia,* stipulates that every registered person who causes movement of goods of consignment value exceeding`50,000:
(i) in relation to a supply; or
(ii) for reasons other than supply; or
(iii) due to inward supply from an unregistered person,
shall, generate an electronic way bill (E-way Bill) before commencement of such movement.

CBIC has also clarified that even if the movement of goods is caused due to reasons others than supply [including replacement of goods under warranty], e-way bill is required to be issued.
Thus, in the given case, since the consignment value exceeds`50,000, e-way bill is required to be mandatorily generated. Therefore, the claim of Power Electricals Ltd. that e-way bill is not mandatorily required to be generated as the movement of goods is caused due to reasons other than supply, is not correct.

QUESTION 2.*Consignment value for E-way bill:* M/ s Gyaan Publishing House, registered under GST in Delhi, is engaged in printing and selling of books as well as trading of stationery items. He has provided following information of a consignment which is to be supplied to Mumbai: -
(i) Taxable value of supplies indicated on tax invoice :`35,000/-
(ii) Value of exempted supplies :`8,000/-
(iii) Value of goods to be sent to job worker on delivery challan :`15,000/-
Calculate the consignment value for the purpose of generating e-way bill for inter-State supply of goods. Assume rate of tax on taxable goods to be 18%.

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

and shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.
Accordingly, in the given case, the consignment value will be as follows:

S.No	Particulars	Consignment Value (`)	
(i)	Taxable value of supplies indicated on tax invoice:	35,000	
	Add: GST @ 18%	6,300	41,300
(ii)	Value of exempt supplies [The same shall not be included]		-
(iii)	Value of goods to be sent to job worker on delivery challan		15,000
	Consignment value for the purpose of generating E-way bill		**56,300**

Since the movement of goods is in relation to supply of goods and the consignment value exceeds`50,000, e-way bill is mandatorily required to be issued in the given case.

QUESTION 3.*Requirement to generate E- way bill :* Sindhi Toys Manufacturers, registered in Punjab, sold electronic toys to a retail seller in Gujarat, at a value of`48,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such toys to the retail seller in Gujarat. You are required to advise Sindhi Toys Manufacturers on the following issues:
(i) Whether e-way bill is mandatorily required to be generated in respect of such movement of goods?
(ii) What will be the consequences for non-issuance of e-way bill?

Solution:
**(i) E-way bill to be mandatorily generated if value of consignment (including taxes) exceeds`50,000** : Rule 138(1) of the CGST Rules, 2017 provides that e-way Bill is mandatorily required to be generated if the goods are moved, *inter alia,* in relation to supply and the consignment value exceeds`50,000. Further, explanation 2 to rule 138(1) stipulates that the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and also includes CGST, SGST/UTGST, IGST and cess charged, if any, in the document and shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.
Accordingly, in the given case, the consignment value will be as follows:
=`48,000 x U8%=`56,640.
Since the movement of goods is in relation to supply of goods and the consignment value exceeds`50,000, e- way bill is mandatorily required to be issued in the given case.

**(ii) Penalty -`10,000/- or tax sought to be evaded whichever is greater:** It is mandatory to generate e-way bill in all cases where the value of consignment of goods being transported is more than`50,000/- and it is not otherwise exempted in terms of rule 138(14) of CGST Rules, 2017. If e-way bills, wherever required, are not issued in accordance with the provisions contained in rule 138, the same will be considered as contravention of rules. As per section 122(1) (xiv) of CGST Act, 2017, a taxable person who transports any taxable goods without the cover of specified documents (e-way bill is one of the specified documents) shall be liable to a penalty of`10,000/- or tax sought to be evaded (wherever applicable) whichever is greater.
Moreover, as per section 129(1) of CGST Act, 2017, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of this Act or the Rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to detention or seizure.

QUESTION 4.*Goods transported in single conveyance under multiple invoices - Separate E-way Bill to be generated :* Beauty Cosmetics Ltd. has multiple wholesale outlets of cosmetic products in Mumbai, Maharashtra. It receives an order for cosmetics worth`1,20,000 (inclusive of GST leviable @ 18%) from Prasannaa, owner of a retail cosmetic store in Delhi. While checking the stock, it is found that order worth`55,000 can be fulfilled from the company's Dadar (Mumbai) store and remaining goods worth`65,000 can be sent from its Malad (Mumbai) store. Both the stores are instructed to issue separate invoices for the goods sent to Prasannaa. The goods are transported to Prasanna in Delhi, in a single conveyance owned by Radhey Transporters. You are required to advise Beauty Cosmetics Ltd. with regard to issuance of e-way bill(s).

Solution :Separate E-way bill for separate invoices - subsequently consolidated e-way bill can be prepared if goods transported in one conveyance : Beauty Cosmetics Ltd. would be required to prepare two separate e-way bills since each invoice value exceeds`50,000 and each invoice is considered as one consignment for the purpose of generating e-way bills.
CBIC has clarified that if multiple invoices are issued by the supplier to one recipient, that is, for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated. In other words, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.