

GST QUESTION BANK

*If it wasn't hard, everyone would do it. It's the hard
that makes it great*

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1. OVERVIEW & CHARGE OF GST

Question 1

Differentiate between direct and indirect taxes

Answer

Direct Taxes	Indirect Taxes
The person paying the tax to the Government directly bears the incidence of the tax.	The person paying the tax to the Government collects the same from the ultimate consumer. Thus, incidence of the tax is shifted to the other person.
Progressive in nature - high rate of taxes for people having higher ability to pay.	Regressive in nature - All the consumers equally bear the burden, irrespective of their ability to pay.

Question 2

Explain the salient features of indirect taxes.

Answer

Salient features of indirect taxes are:

- (i) **An important source of revenue:** Indirect taxes are a major source of tax revenues for Governments worldwide and continue to grow as more countries move to consumption-oriented tax regimes. In India, indirect taxes contribute more than 50% of the total tax revenues of Central and State Governments.
- (ii) **Tax on commodities and services:** It is levied on commodities at the time of supply or manufacture or purchase or sale or import/export thereof. Hence, it is also known as commodity taxation. It is also levied on supply of services.
- (iii) **Shifting of burden:** There is a clear shifting of tax burden in respect of indirect taxes. For example, GST paid by the supplier of the goods is recovered from the buyer by including the tax in the cost of the commodity.
- (iv) **No perception of direct pinch:** Since, value of indirect taxes is generally inbuilt in the price of the commodity, most of the time the tax payer/consumer pays the same without actually knowing that he is paying tax to the Government. Thus, tax payer does not perceive a direct pinch while paying indirect taxes.
- (v) **Inflationary:** Tax imposed on commodities and services causes an all-round price spiral. In other words, indirect taxation directly affects the prices of commodities and services and leads to inflationary trend.
- (vi) **Wider tax base:** Unlike direct taxes, the indirect taxes have a wide tax base. Majority of the products or services are subject to indirect taxes with low thresholds.

- (vii) **Promotes social welfare:** Higher taxes are imposed on the consumption of harmful products (also known as 'sin goods') such as alcoholic products, tobacco products etc. This not only checks their consumption but also enables the State to collect substantial revenue.
- (viii) **Regressive in nature:** Generally, the indirect taxes are regressive in nature. The rich and the poor have to pay the same rate of indirect taxes on certain commodities of mass consumption. This may further increase the income disparities between the rich and the poor.

Question 3

Write a short note on various Lists provided under Seventh Schedule to the Constitution of India.

Answer

Seventh Schedule to Article 246 of the Constitution contains three lists which enumerate the matters under which the Union and the State Governments have the authority to make laws.

- (i) **List -I (UNION LIST):** It contains the matters in respect of which the Parliament (Central Government) has the exclusive right to make laws.
- (ii) **List -II (STATE LIST):** It contains the matters in respect of which the State Government has the exclusive right to make laws.
- (iii) **List -II (CONCURRENT LIST):** It contains the matters in respect of which both the Central & State Governments have power to make laws.

Question 4

Discuss the deficiencies in the existing indirect taxes which led to the need for ushering into GST regime.

Answer

Deficiencies in the erstwhile indirect tax regime:

- (a) Certain transactions were subject to double taxation and were taxed as both goods and services, since under the earlier regime, distinction between goods and services was often blurred.
- (b) CENVAT did not include chain of value addition in the distributive trade after the stage of production. Similarly, in the State-level VAT, CENVAT load on the goods was not removed leading to the cascading of taxes.
- (c) Though CENVAT and State-Level VAT were essentially value added taxes, set off of one against the credit of another was not possible as CENVAT was a central levy and State-Level VAT was a State levy.
- (d) There were several taxes in the States, such as, Luxury Tax, Entertainment Tax, etc. which were not subsumed in the VAT. Hence for a single transaction, multiple taxes in multiple forms were required to be paid.
- (e) VAT on goods was not integrated with tax on services, at the State level, to remove the cascading effect of service tax. With service sector being the fastest growing sector in the economy, the exclusion of services from the tax base of the States potentially eroded their tax- buoyancy.

- (f) CST was another source of distortion in terms of its cascading nature since it was non-VATABLE. Being an origin based tax, CST was also against one of the basic principles of consumption taxes that tax should accrue to the jurisdiction where consumption takes place.

Question 5

Discuss the dual GST model as introduced in India.

Answer

India has adopted a Dual GST model in view of the federal structure of the country. Consequently, Centre and States simultaneously levy GST on taxable supply of goods or services or both, which takes place within a State or Union Territory. Thus, tax is imposed concurrently by the Centre and States, i.e. Centre and States simultaneously tax goods and services. Now, the Centre also has the power to tax intra-State sales & States are also empowered to tax services. GST extends to whole of India including the State of Jammu and Kashmir.

Question 6

List the Central and State levies which have been subsumed in GST in India.

Answer

Central levies that are subsumed in GST are as follows:

- (a) Central Excise Duty & Additional Excise Duties
- (b) Service Tax
- (c) Excise Duty under Medicinal & Toilet Preparation Act
- (d) CVD & Special CVD
- (e) Central Sales Tax
- (f) Central surcharges & Cesses in so far as they relate to supply of goods & services

State levies that are subsumed in GST are as follows:

- (a) State surcharges and cesses in so far as they relate to supply of goods & services
- (b) Entertainment Tax (except those levied by local bodies)
- (c) Tax on lottery, betting and gambling
- (d) Entry Tax (All Forms) & Purchase Tax
- (e) VAT/ Sales tax
- (f) Luxury Tax
- (g) Taxes on advertisements

Question 7

Discuss the functions of the common GST portal.

Answer

GST being a destination-based tax, the inter-State trade of goods and services (IGST) needed a robust settlement mechanism amongst the States and the Centre. A Common Portal was needed which could act as a clearing house and verify the claims and inform the respective Governments to transfer the funds.

This was possible only with the help of a strong IT Infrastructure.

Resultantly, Common GST Electronic Portal - www.gst.gov.in - a website managed by Goods and Services Network (GSTN) [a company incorporated under the provisions of section 8 of the Companies Act, 2013] is set by the Government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States.

The functions of the GSTN include facilitating registration; forwarding the returns to Central and State authorities; computation and settlement of IGST; matching of tax payment details with banking network; providing various MIS reports to the Central and the State Governments based on the taxpayer return information; providing analysis of taxpayers' profile.

Question 8

Briefly explain the leviability of GST or otherwise on petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas.

Answer

Petroleum crude, diesel, petrol, ATF and natural gas are presently not leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.

Question 9

Elaborate the principles that were borne in mind while subsuming various indirect taxes

Answer

The various central, state and local levies were examined to identify their possibility of being subsumed under GST. While identifying, the following principles were kept in mind:

- (i) Taxes or levies to be subsumed should be primarily in the nature of indirect taxes, either on the supply of goods or on the supply of services.
- (ii) Taxes or levies to be subsumed should be part of the transaction chain which commences with import/ manufacture/ production of goods or provision of services at one end and the consumption of goods and services at the other.
- (iii) The subsuming of taxes should result in free flow of tax credit in intra and inter-State levels. The taxes, levies and fees that are not specifically related to supply of goods & services should not be subsumed under GST.
- (iv) Revenue fairness for both the Union and the States individually would need to be attempted central, State and local levies, under GST.

Question 10

GST is a simplified tax structure. Justify the statement.

Answer

GST is a simplified tax structure. The statement is justified. Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes under GST has led to simplification and uniformity in tax structure. The uniformity in laws, procedures and tax rates across the country makes doing business easier. Common system of classification of goods and services across the country ensures certainty in tax administration across India.

Question 11

List the advantages that GST accrues to the trade and industry.

Answer

GST accrues following advantages to the trade and industry:

- (i) **Benefits to industry:** GST has given more relief to industry, trade and agriculture through a more comprehensive and wider coverage of input tax set-off and service tax set-off, subsuming of several Central and State taxes in the GST and phasing out of CST. The transparent and complete chain of set-offs which results in widening of tax base and better tax compliance also leads to lowering of tax burden on an average dealer in trade and industry.
- (ii) **Mitigation of ill effects of cascading:** By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it helps in mitigating the ill effects of cascading, improving competitiveness and improving liquidity of the businesses.
- (iii) **Benefits to small traders and entrepreneurs:** GST has increased the threshold for GST registration for small businesses. Further, single registration is needed in one State. Small businesses have also been provided the additional benefit of composition scheme. With the creation of a seamless national market across the country, small enterprises have an opportunity to expand their national footprint with minimal investment.

Question 12

Mr. M of Maharashtra supplied goods/services for ₹ 35,000 to Mr. P of Pune. Mr. M purchased goods/services for ₹ 23,600 (inclusive of IGST 18%) from Mr. C of Tamil Nadu. SGST and CGST rate on supply of goods and services is 9% each. Find the following: (i) Total price charged by Mr. M for supply of goods/services and (ii) Who is liable to pay GST? (iii) Net liability of GST.

Answer:

- a) Total price charged by Mr. M from Mr. P for local supply of goods/services

Particulars	₹
Value charged for supply of goods/ services	35,000
Add: CGST@9%	3,150
Add: SGST @9%	3,150
Total	41,300

b) Mr. M is Liable to pay tax

c) Net liability of GST shown below:

Particulars	CGST (₹)	SGST (₹)	
Output tax	3,150	3,150	IGST Credit may be utilized to pay CGST or SGST in any order and proportion
ITC	(3,150)	(450)	
Net Tax Liability	NIL	2,700	

Note: ITC being IGST included in Rs.23,600 inputs used is $23,600 \times 18/118 = ₹ 3600$

Question 13

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

- Who is liable to pay GST?
- Net Liability of GST?

Answer

- As per Notification No. 4/2017- Integrated Tax (Rate) dated 28.06.2017, in the case of supply of cashew nuts, not shelled or peeled, by an agriculturist to a registered person, the registered person who purchases the goods is liable to pay the tax under reverse charge mechanism. Hence, in the given case, M/s. Rajesh International is liable to pay GST.
- The GST liability in the given case is ₹ 5,000 i.e., 5% on ₹ 1,00,000. Since, both the supplier and recipient are situated in Tamil Nadu, the taxes to be paid are CGST ₹ 2,500 and SGST ₹ 2,500. However, M/s. Rajesh International has input credit of IGST ₹ 4,000. Such IGST Credit may be utilized to pay CGST or SGST in any order and proportion. Hence, the net tax liability of M/s. Rajesh International is SGST ₹ 1,000 or CGST ₹ 1,000 (depending upon the option of the registered person).

Question 14

A, a supplier of goods, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward/inward taxable supplies in a tax period

Particulars	Amount (₹)
Interstate supply of goods	10,00,000
Intrastate supply of goods	2,00,000
Intrastate purchase of goods	5,00,000

Mr. A has the following ITC's with him at the beginning of the tax period:

CGST 20,000

SGST 20,000

IGST 25,000

Compute the net GST payable by Mr. A during the tax period. Assume rates to be 18%. Both inward and outward supplies are exclusive of taxes, wherever applicable

Answer

Computation of net GST payable by Mr A during the tax period

Particulars	IGST	CGST	SGST
Output tax liability (Refer Note 1)	1,80,000	18,000	18,000
Less: Utilization of ITC (Refer Note 2)			
IGST	(25,000)		
CGST	(47,000)	(18,000)	
SGST	(47,000)		(18,000)
Net GST payable	61,000	-	-

Note 1: Computation of total output tax

Particulars	IGST	CGST	SGST
Output GST on inter-State supply of goods [Being an inter-State supply, IGST is payable on the same]	1,80,000 (1000000*18%)	-	-
Output GST on intra-State supply of goods [Being an intra-State supply, CGST and SGST is payable on the same]		18,000 (2,00,000*9%)	18,000 (2,00,000*9%)
Total output tax	1,80,000	18,000	18,000

Note 2: Computation of total input tax credit

Particulars	IGST	CGST	SGST
Input tax on intra state purchase of goods		45,000 (5,00,000*9%)	45,000 (5,00,000*9%)
Opening input tax credit	25,000	20,000	20,000
Total input tax credit	25,000	65,000	65,000

Question 15

Govind, a registered supplier, is engaged in providing services in the neighboring States from his registered office located in Mumbai. He has furnished the following details in respect of the inward and outward supplies made during a tax period:

Particulars	(₹)
Inter-State supply of services	1,80,000
Receipt of goods and services within the State	1,00,000

Assume rates of tax: CGST and SGST 9% each and IGST 18%

Notes: (i) Both inward and outward supplies are exclusive of taxes, wherever applicable.

(ii) All the conditions necessary for availing the input tax credit have been fulfilled.

Compute net GST payable by Govind during the given tax period. Make suitable assumptions if required.

Answer

Computation of net GST payable by Govind

Particulars	Amount (₹)
IGST @ 18% payable on inter-State supply of services [Being an inter-State supply, IGST is payable on the same in terms of section 5 of the IGST Act, 2017]	32,400 [1,80,000 × 18%]
Less: ITC of CGST @ 9% paid on intra-State receipt of goods and services [Cross utilization of CGST towards IGST]	9,000 (100000*9%)
Less: ITC of SGST @ 9% paid on intra-State receipt of goods and services [Cross utilization of SGST towards IGST]	9,000 (100000*9%)
Net GST payable	14,400

Notes:

- CGST shall first be utilized towards payment of CGST and the amount remaining, if any, be utilized towards the payment of IGST [Section 49 of the CGST Act, 2017].
- SGST shall first be utilized towards payment of SGST and the amount remaining, if any, may be utilized towards the payment of IGST (if there is no credit of CGST available) [Section 49 of the CGST Act, 2017].

Question 16

Tirupati Traders, a registered supplier of goods, pays GST [CGST & SGST or IGST, as the case may be] under regular scheme. It has furnished the following particulars for a tax period:

Particulars	₹
Value of intra-State supply of goods	12,000
Value of intra-State purchase of goods	10,000

Notes:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- Both inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by Tirupati Traders during the given tax period assuming that there is no opening balance of input tax credit (ITC). Make suitable assumptions wherever required.

Answer

Computation of net GST payable by Tirupati traders

Particulars	CGST	SGST
Output tax on intra state supply of goods	1,080 (12,000*9%)	1,080 (12,000*9%)
Less: Input tax credit (intra state purchase of goods)	(900) (10,000*9%)	(900) (10,000*9%)
Net GST payable	180	180

Question 17

Shipra Traders is a registered supplier of goods in Assam. It purchased goods valued at ₹ 10,000 from Kartik Suppliers located within the same State. Kartik Suppliers charged CGST & SGST separately in its invoice. Subsequently, Shipra Traders sold goods valuing ₹ 9,500 to Rabina Manufacturers located in Assam. 20% of the inputs purchased are still lying in stock and there was no opening stock of goods.

Rate of CGST and SGST on supply and purchase of goods is 9% each. Calculate the net GST payable by Shipra Traders and input tax credit (ITC) to be carried forward, if any.

Answer

Computation of net GST payable by Shipra Traders

Particulars	CGST @ 9%	SGST @ 9%
GST payable on intra-State supply of goods [Being an intra-State supply, CGST and SGST is payable on the same]	855 [9,500 × 9%]	855 [9,500 × 9%]

Less: ITC on intra-State purchase of goods [ITC of CGST and SGST paid on intra-State purchase is available in full, even if some inputs are lying in stock]	900 [10,000 ×9%]	900 [10,000 ×9%]
Net GST payable	Nil	Nil
Input tax credit carried forward in Electronic Credit Ledger	45	45

Question 18

Mr. Nimit, a supplier of goods, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies in the month of August,2018

Intra-state supplies of goods	6,00,000
Inter-state supplies of goods	2,00,000

He has also furnished following information in respect of purchases made by him from registered dealers during August, 2018

Intra state purchase of goods	4,00,000
Interstate purchase of goods	50,000

Balance of ITC available at the beginning of the August 2018

CGST	15,000
SGST	35,000
IGST	20,000

Notes:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively, on both inward and outward supplies.
- (ii) Both inward and outward supplies given above 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. Nimit for the month of August, 2018

Answer

Computation of net GST payable by Mr. A during the tax period

Particulars	IGST	CGST	SGST
Output tax liability (refer note 1)	36,000	54,000	54,000

Less: Utilization of ITC (refer note 2)			
IGST	(29,000)		
CGST		(51,000)	
SGST	(7,000)		(64,000)
Net GST payable		3,000	(10,000)

Note 1: Computation of Total Output Tax

Particulars	IGST	CGST	SGST
Output GST on inter-State supply of goods [Being an inter- State supply, IGST is payable on the same]	36,000 (200000*18%)	-	-
Output GST on intra-State supply of goods [Being an intra- State supply, CGST and SGST is payable on the same]		54,000 (6,00,000*9%)	54,000 (6,00,000*9%)
Total Output Tax	36,000	54,000	54,000

Note 2: Calculation of total input tax credit

Particulars	IGST	CGST	SGST
Input tax on intra state purchase of goods		36,000 (400000*9%)	36,000 (400000*9%)
Input tax on interstate purchase of goods	9,000 (50000*18%)		
Opening input tax credit	20,000	15,000	35,000
Total input tax credit	29,000	51,000	71,000

Question 19

Insight Ltd. is operating in West Bengal. The tax liability for the month of August, 2017 is as follows:

Particulars	West Bengal
Output CGST payable	24,000
Output SGST payable	9,000
Output IGST payable	3,000
Input CGST	7,000

Input SGST	14,000
Input IGST	12,000

Calculate tax payable and carry forward for the month of August, 2017

Answer

Computation of net tax payable and carry forward for the month of August, 2017

Particulars	CGST	SGST	IGST
Output tax payable	24,000	9,000	3000
Less: Input tax credit			
IGST	(9,000)		(3,000)
CGST	(7,000)		
SGST		(14,000)	
Net GST payable	8,000	(5000)	-

Note: Further, ITC of SGST cannot be utilized towards payment of CGST.

Question 20

M/s J & Co. Chartered Accountants, a partnership firm, having its registered and head office in Mumbai and registered under the GST Act in the State of Maharashtra only. It does not have any branches in other State. The gross receipts of the firm in the Financial Year 2017-18 was ₹ 60 lakhs. Firm has submitted following information for the month of August, 2018:

Particulars	₹
Professional services provided and bills raised during the month for providing services of ITR filing and income tax consultancy	1,00,000
Internal Audit of X Pvt. Ltd. at their office in Mumbai (registered in the State of Maharashtra)	50,000
Statutory audit services provided to M/s Tirupati Trading Pvt. Ltd. At Ahmedabad (registered in the State of Gujarat)	70,0000

Firm has also furnished following information in respect of input services availed from registered dealers for providing output services during the month August, 2018:

Particulars	Amount (₹) (excluding GST)	CGST	SGST	IGST
Services availed from courier agency	5,000	450	450	Nil

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Railway travelling expenses from Mumbai to Ahmedabad and Return Ticket for conducting of audit of M/s Tirupati Trading Pvt. Ltd. for 3 Tier AC	12,000	Nil	Nil	600
Service availed from another professional firm at Mumbai amount is paid without TDS u/s 194J of Income Tax Act	20,0000	3,600	Nil	Nil

Compute the net GST payable by M/s J & Co. for the month August, 2018 after adjusting the GST credit. Brief reasoning should form part of your answer. Assume rates of tax to be 18%.

Answer**Computation of net GST payable by M/s J & Co. for the month of August, 2018**

S. No.	Particulars	CGST	SGST	IGST
(i)	Professional services and services of ITR filing and IT consultancy [Rs. 1,00,000]	9,000	9,000	-
(ii)	Internal audit services [Rs. 50,000]	4,500	4,500	-
(iii)	Statutory audit services [Rs. 70,000]	-	-	12,600
	Total GST	13,500	13,500	12,600
	Less: ITC (Refer working note)	450	450	4,200
	Net GST payable	13,050	13,050	8,400

Working note: Computation of ITC available for set-off

No.	Particulars	CGST	SGST	IGST
(1)	ITC on courier services (Rs. 5,000)	450	450	-
(2)	ITC on railway travelling expenses for conducting of audit of M/s Tirupati Pvt. Ltd. [Rs. 12,000]	-	-	600
(3)	ITC on services availed from another professional firm at Mumbai [Rs. 20,000]			3,600
	Total ITC	450	450	4,200

Note: Read amount of GST Rs. 3,600 given against services availed from another professional firm Mumbai as given against IGST. However, it is also possible to assume the said amount of Rs. 3,600 as entirely the amount of CGST (as given in question) or as Rs. 1,800 - CGST and SGST each

2. REVERSE CHARGE

Question 1

State person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

- (a) Services provided by an arbitral tribunal to any business entity.
- (b) Sponsorship services provided by a company to an individual.
- (c) Renting of immovable property service provided by the Central Government to a business entity.

Answer

As per Section 9(3), following are the cases, stating persons liable to pay tax.

- (a) Since GST on services provided or agreed to be provided by an arbitral tribunal to any business entity located in the taxable territory is payable under reverse charge in the given case, GST is payable by the recipient-business entity.
- (b) GST on services supplied by the central government, state government, union territory/local Authority by way of renting of immovable property to a person registered under CGST Act,2017 is payable under reverse charge. Therefore, in the given case GST is payable under reverse charge by the recipient - registered business entity.
- (c) GST on services provide or agreed to be provided by the central government, state government, union territory/local Authority to any business entity located in the taxable territory Is payable under reverse charge. However, renting of immovable property service is an exception to it. Therefore, in the case reverse charge provisions will not be attracted. GST is payable under forward charge by the supplier – central government.

Question 2

Can any person other than the supplier or recipient be liable to pay tax under GST?

Answer

The Government can specify categories of services the tax on which shall be paid by the electronic commerce operator, if such services are supplied through it and all the provisions of the Act shall apply to such electronic commerce operator as if he is the person liable to pay tax in relation to supply of such services. The following categories of services have been notified for the purpose:

- (i) Services by way of transportation of passengers by a radio-taxi, motor cab, maxi cab and motor cycle;
- (ii) 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 u/s 22(1) of the CGST Act;
- (iii) Services by way of house-keeping, such as plumbing, carpentering etc., except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1) of the CGST Act.

Question 3

A hotel owner provided accommodation in Haryana, through an electronic commerce operator – Cool Trips. The hotel owner is not liable to get registered as per the provisions of section 22(1) of the CGST Act. Who is the person liable to pay GST in this case?

Would your answer be different if the Electronic Commerce Operator Cool Trips does not have a physical presence in India?

Answer

As per section 9(5) of CGST Act, the Government may notify [on the recommendations of the GST Council] specific categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it. Services by way of providing accommodation in hotels through electronic commerce operator is a specified service for said purpose.

Thus, person liable to pay GST in this case is the Electronic Commerce Operator Cool Trips. All the provisions of the GST law shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services.

If Cool Trips does not have a physical presence in India, person liable to pay tax is the person representing the Electronic Commerce Operator -Cool Trips for any purpose in India .

Question 4

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

Find the following:

- Who is liable to pay GST?
- Net GST liability?

Note: (i) All services rendered in the month of Oct 2017 (ii) Turnover of business entity in the previous year ₹ 43 lakhs (iii) Applicable rate of GST @18%.

Answer

- As per the provisions of section 9(3) of the CGST Act, Business entity being recipient of service is liable to pay GST.
- Net GST liability of the business entity CGST 9% on ₹ 1,50,000 = 13,500 SGST 9% on ₹ 1,50,000 = ₹ 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 5

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:

- Legal services are provided by Senior Advocates to business entities.

b) Representation services are provided by Senior Advocates to any business entity.

Answer

Where a senior advocate renders representation services for a business entity whose turnover in the previous year exceeds 20 lakhs, the same is taxable service in both the situations. GST will be payable by the Recipient of service, which is the business entity in all the above cases.

Question 6

GT Jewellers Ltd. paid ₹ 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

As per the provisions of Section 9(3) "Reverse charge mechanism" of the CGST Act 2017, it is taxable supply of service. GST is liable to be paid by recipient of supply of service namely GT Jewellers Ltd. under RCM.

Question 7

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

As per Section 9(3) "Reverse charge mechanism" of the CGST Act 2017,

- (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 is received in convertible foreign currency. Otherwise, tax will be payable by the author

Note: In the above case, the author may opt to pay tax under normal provisions subject to fulfilment of prescribed conditions (intimating to the jurisdictional officer, filing declaration etc.)

Question 8

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 ₹ 10,00,000.
- b) Hire charges collected from customers ₹ 12,25,500. Payment made to taxi drivers ₹ 11,00,000.

Uber appointed X Pvt. Ltd., as their representative in India. Person liable to pay GST is willing to avail exemption if any. You are required to find

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

Answer

- (a) X Pvt. Ltd., being recipient of service is liable to pay GST.
- (b) Taxable value of supply:

Particulars	Value in ₹	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 × 2.5/105)
SGST 2.5%	52,988	(22,25,500 × 2.5/105)
Taxable value of supply	21,19,524	

Question 9

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 ₹ 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

As per the provisions of 9(3) "Reverse charge mechanism" of the CGST Act 2017, the person who pays or liable to pay freight for the transportation of goods by road in goods carriage, located in the taxable territory shall be treated as a person who receives the service.

Thus, person liable to pay GST is dealer in Jammu (i.e. taxable territory). GST liability is as follows:

Total freight: ₹ 4,50,000

IGST 5% on ₹ 4,50,000: ₹ 22,500

Question 10

State, with reason, person liable to pay GST in each of following independent cases. Assume recipient is located in taxable territory.

- (i) Rental income received by Tamil Nadu State Government from renting an immovable property to Mannappa Pvt. Ltd. (Turnover of the company was ₹ 22 lakhs in the preceding FY)
- (ii) Legal Fees received by Mr. Sushrut, a senior advocate, from M/s. Tatva Trading Company having turnover of ₹ 50 lakhs in preceding FY.

Answer

- (i) GST is payable on reverse charge basis on services supplied by the State Government to a business entity located in taxable territory. However, reverse charge is not applicable on supply of renting of immovable property service by the State Government. Reverse charge is applicable on supply of renting of immovable property service by the State Government to a registered person. Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., Mannappa Pvt Limited. (assuming it to be registered)
- (ii) GST on legal services supplied by a senior advocate [Mr. Sushrut] to any business entity [M/s. Tatva Trading Company] located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., M/s. Tatva Trading Company

Question 11

Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.

- (i) Mr. Raghu provided sponsorship services to WE-WIN Cricket Academy, an LLP.
- (ii) 'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm which is not registered under GST.

Answer

- (i) In case of services provided by any person by way of sponsorship to any body corporate or partnership firm / LLP, GST is liable to be paid under reverse charge by such body corporate or partnership firm / LLP located in the taxable territory. Therefore, in the given case, WE-WIN Cricket Academy is liable to pay GST under reverse charge.
- (ii) In case of services provided by Goods Transport Agency (GTA) in respect of transportation of goods by road to, inter alia, any partnership firm whether registered or not under any law; GST is liable to be paid by such partnership firm. Therefore, in the given case, Kapil & Co. is liable to pay GST under reverse charge.

Question 12

State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

- (a) Services provided by an arbitral tribunal to any business entity.
- (b) Sponsorship services provided by a company to an individual.
- (c) Renting of immovable property service provided by the Central Government to a registered business entity.

Answer

- (a) Since GST on services provided or agreed to be provided by an arbitral tribunal to any business entity located in the taxable territory is payable under reverse charge, in the given case, GST is payable by the recipient - business entity.
- (b) GST on sponsorship services provided by any person to anybody corporate or partnership firm located in the taxable territory is payable under reverse charge. Since in the given case, services have been provided to an individual, reverse charge provisions will not be attracted. GST is payable under forward charge by the supplier - company.
- (c) GST on services supplied by Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under CGST Act, 2017 is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - registered business entity.

Question 13

Vivek Goyal, an independent director of A2Z Pvt. Ltd., has received sitting fee amounting to ₹ 1 lakhs from A2Z Pvt. Ltd for attending the Board meetings. Who is the person liable to pay tax in this case?

Answer

GST on supply of services by director of a company to the said company located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., A2Z Pvt. Ltd.

Question 14

Raghu Associates provided sponsorship services to WE-WIN Cricket Academy, an LLP. Determine the person liable to pay tax in this case.

Answer

In case of services provided by any person by way of sponsorship to any body corporate or partnership firm, GST is liable to be paid under reverse charge by such body corporate or partnership firm located in the taxable territory. Further, for the reverse charge purposes, Limited Liability Partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 is also be considered as a partnership firm. Therefore, in the given case, WE-WIN Cricket Academy is liable to pay GST under reverse charge.

Question 15

'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm, which is not registered under GST. Determine the person liable to pay tax in this case.

Answer

In case of services provided by Goods Transport Agency (GTA) in respect of transportation of goods by road to, inter alia, any partnership firm whether registered or not under any law; GST is liable to be paid by such partnership firm. Therefore, in the given case, Kapil & Co. is liable to pay GST under reverse charge.

Question 16

Legal Fees is received by Sushrut, an advocate, from M/s. Tatva Trading Company having turnover of ₹ 50 lakh in preceding financial year Who is the person liable to pay tax in this case?

Answer

GST on legal services supplied by an advocate [Mr. Sushrut] to any business entity [M/s. Tatva Trading Company] located in the taxable territory is payable on reverse charge basis.

Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., M/s. Tatva Trading Company.

Question 17

State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

- (a) Services supplied by an insurance agent to an insurance company.
- (b) Services supplied by a recovery agent to a car dealer.
- (c) Security services (services provided by way of supply of security personnel) provided to a registered person.

Answer

- (a) GST on services supplied by an insurance agent to any person carrying on insurance business located in the taxable territory is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - Insurance Company.
- (b) GST on services supplied by a recovery agent to a banking company or a financial institution or a non- banking financial company located in the taxable territory is payable under reverse charge. However, since, in the given case, services are being supplied by a recovery agent to a car dealer, GST is payable under forward charge by the service provider - recovery agent.
- (c) GST on security services (services provided by way of supply of security personnel) provided to a registered person, located in the taxable territory is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - registered person receiving the services.

3. COMPOSITION SCHEME

Question 1

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

Place	P.Y. Turnover (₹ in lakhs) (Including Taxes @ 18%)
Chennai	57.91
Salem	12.00
Coimbatore	8.00
Madurai	50.00
Chennai -II	23.60
Total	151.51

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

Answer

“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.

Aggregate turnover = $151.51 \times 100/118 = ₹ 128.39831$ lakhs

Note: Since, Aggregate turnover in the preceding financial year does not exceed ₹ 1.50 crore and hence, M/s X Ltd. is eligible for Composition Scheme.

Question 2

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

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

You are required to answer the following:

- M/s Y Ltd is eligible for composition levy in the current year.
- If so, whether M/s Y Ltd can opt composition scheme for Chennai location and normal scheme for Mumbai.?

Answer

- (a) M/s Y Ltd is eligible to avail the composition scheme in both the States namely Tamil Nadu and Maharashtra. Since, M/s Y Ltd. has same PAN, and his aggregate turnover does not exceed ₹ 1.50 crore is eligible for composition levy, even though the company has multiple registrations under GST.
- (b) No. M/s Y Ltd cannot opt composition scheme for one location normal scheme for another location.

Where more than one registered person are having the same PAN (issued under the Income-tax Act, 1961), the registered person shall not be eligible to opt for the scheme u/s 10(1) of CGST Act, 2017 unless all such registered persons opt to pay tax under composition scheme.

Question 3

Pepper & Salt Ltd., registered in Madhya Pradesh has the turnover amounting to ₹ 80 lakhs in the financial year 2018-19. It wants to avail the benefit of composition scheme in the year 2019-20. You are required to advise Pepper and Salt Ltd. regarding the availability of composition scheme in the year 2019-20. Will your answer change, if Pepper & Salt Ltd. is registered in Arunachal Pradesh?

Answer

As per Sec 10(1) a registered taxable person whose aggregate turnover in the PY does not exceed Rs 1.5 crores (Rs. 75 lakhs for special category States) may opt Composition Scheme subject to conditions as given under section 10(2).

Since the aggregate turnover of Pepper & Salt Ltd. does not exceed Rs. 1.5 crore, it is eligible for composition levy in the year 2018-19.

If Pepper & Salt Ltd. is registered in Arunachal Pradesh, it can not avail the benefit of composition in the year 2018-19 as its turnover in the preceding financial year (Rs. 80 lakhs) exceeds the threshold limit (Rs. 75 lakhs).

Question 4

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 ₹ 67 lakhs. Hotel King Pvt. Ltd. is 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 called as non-taxable supply).

Question 5

Mr. C 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 ₹ 45 lakhs. Mr. C wants to opt for composition scheme in the current financial year.?

Answer

When the person makes inter-State supply of goods benefit of composition scheme is prohibited. Therefore, Mr. C will not be entitled to the benefit of composition scheme. Thus Mr. C of Chennai cannot opt for composition scheme in the current financial year.

Question 6

Peter England is a trader who sells his ready-made clothes online on Amazon India (an Electronic Commerce Operator). He received an order for ₹ 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 ₹ 21,00,000. Peter England is eligible for composition scheme?

Answer

Peter England engaged in making supply of goods through an electronic commerce operator who is required to collect tax at source u/s 52 of CGST Act, 2017. Hence, Peter England is not eligible for composition scheme.

Question 7

Hot Breads Pvt. Ltd is the supplier of bakery products registered in the current financial year (2018-19) w.e.f. 1st Oct 2018. In the month of Oct 2018 total taxable supplies ₹ 88 lakhs. Answer the following:

- (a) Company is 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 categorized 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 @1%, under the Traders category and not Food and Restaurant Services category. Therefore, department contention is not correct.

Question 8

Hotel King Pvt. Ltd. is a registered person under GST. PY turnover was ₹ 100 lakhs. Applicable GST 18%. Inputs cost ₹ 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 in Rs.	Particulars	Value in Rs.	
Cost of inputs	7,80,000	Cost of inputs	7,80,000	
Add: GST 18% on inputs	1,40,400	Add: GST 18% on inputs	Not cost	
Total cost	9,20,400	Total cost	7,80,000	
Add: Profit margin 40%	3,68,160	Add: Profit margin @ 40%	3,12,000	
Invoice Price	12,88,560	Add: GST 18% CGST & SGST	1,96,560	
CGST 2.5%	32,214	Invoice Price	12,88,560	
SGST 2.5%	32,214		CGST 9%	SGST 9%
Total GST liability	64,428	Output tax	98,280	98,280
		Less: ITC	-70,200	-70,200
		Let Liability	28,080	28,080
		Total Tax is ₹ 56,160		

Hence, it can be concluded that normal scheme is economical.

Question 9

Mr. Ram is running a consulting firm and also a readymade garment show room, registered in same PAN. Turnover of the showroom is ₹ 60 lakh and Receipt of the consultancy firm is ₹ 12 Lakh in the preceding financial year. You are required to answer the following:

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

Answer

- Mr. Ram is providing services in consulting firm hence he is not eligible for composition scheme.
- 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. Ram is not eligible for composition scheme only for showroom.
- Restaurant services and readymade garments show room are eligible for the composition scheme. Hence Mr. Ram is eligible for Composition Scheme, since, his aggregate turnover is Rs. 72 lakhs (i.e. less than Rs. 1.50 crore).

(d) Yes, Mr. Ram is eligible for composition scheme as turnover of his firm does not exceed Rs. 1.50 crore in the preceding financial year.

Question 10

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 ₹ 35 lakh, ₹ 10 lakh, ₹ 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, even though the aggregate turnover not exceeds Rs. 1.5 crore, Mr. Rahim is not eligible for composition Scheme.

Question 11

Mr. H registered in Hyderabad, who is selling goods from Telangana to Tamil Nadu. Turnover of Mr. H is ₹ 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 12

Turnover of Mr. X in the preceding financial year is ₹ 49 Lakh. Mr. A has opted for Composition Scheme. During the year on 18th February 2019, turnover of Mr. X exceeds ₹ 1.5 crore. What compliances are required to carry by Mr. X.

Answer

Mr. X is required to do the following compliances:

- File a **FORM GST CMP-04** within 7 days i.e. before 25th February 20XX.
- Details of stock and capital goods, as on 18th February, 20XX, are required to file in **FORM GST ITC-01** within 30 days i.e. before 20th March 20XX to take the credit of input on the same.

Question 13

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 ₹ 95 lakh (₹ 10 lakh of Unit - A + ₹ 85 lakh of Unit - B).

Total turnover of two units in the second quarter of this financial year was ₹ 15 lakh (₹ 5 lakh of Unit - A + ₹ 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 u/s 10(1) of the CGST Act, 2017.

Applicable rate of CGST 0.5% and SGST 0.5%.

Unit	Location	Turnover in the previous FY	Turnover in 2 nd Quarter of the FY	Total tax (@1%)	
A	Andhra Pradesh	10 lakhs	5 lakhs	2,500	2,500
B	Tamil Nadu	85 lakhs	10 lakhs	5,000	5,000

Question 14

Mr. X availing composition scheme during a financial year crosses the turnover of ₹ 1.5 crore during the course of the year i.e. say he crosses the turnover of ₹ 1.5 Crore in December? Will he be allowed to pay tax under composition scheme for the remainder of the year i.e. till 31st March?

Answer

- The option to pay tax under composition scheme lapses from the day on which the aggregate turnover of the person availing composition scheme during the financial year exceeds the specified limit (₹ 1.5 crore). He is required to file an intimation for withdrawal from the scheme within 7 days from the day on which the threshold limit has been crossed.
- Thus Mr. X is not allowed to pay tax under composition scheme for the remainder of the year i.e. till 31st March.

Question 15

Mr. Zaid, registered in Himachal Pradesh is engaged in making inter-State outward supplies of apparels. The aggregate turnover of Mr. Zaid in the financial year 2017-18 is ₹ 70 lakhs. He opted for composition levy in the year 2018-19 and paid tax for the quarter ending June, 2018 under composition levy. The proper officer has levied penalty on Mr. Zaid in addition to the tax payable by him. You are required to examine the validity of the action taken by proper officer.

Answer

The action taken by proper officer is valid in law.

In terms of Section 10(1) of CGST Act, 2017 the benefit of composition levy can be availed by supplier of goods who is a registered person of Himachal Pradesh if the aggregate turnover in the preceding financial year does not exceed ₹ 1.5 crore. However, such a person is disqualified for composition scheme if he is engaged in making inter-state supplies (Sec 10(2) of CGST Act). In given case, Mr Zaid, though having aggregate turnover in PY within the eligibility limit but he is ineligible for composition scheme as he is affecting inter-state supplies.

Now, he being ineligible for composition scheme but still paid composition tax, such payment of tax is not proper. He shall pay GST at normal applicable GST rates on apparel. In this regard, section 10(5) provides that if a person who has paid under composition levy is found as not being eligible for composition then such person shall be liable to pay additional tax and also applicable penalty. Thus, levy of penalty on Mr. Zaid is valid in law in terms of section 10(5).

Question 16

Trend Footwear, a registered supplier in Jaipur dealing in local supply of loafers and wedges, wants to opt for composition scheme with effect from 1 April, 2018. Its aggregate turnover in the preceding financial year is ₹ 78 lakh. Besides dealing in supply of loafers and wedges, he also has a rental income of ₹ 1,35,000 per month from the basement of a commercial building located in Jaipur. You are required to discuss, whether Trend Footwear can opt for composition scheme?

Answer

A person is eligible to avail composition scheme only if he is fulfilling the condition of specified limit of turnover and also the certain eligibility conditions as specified in Sec 10(2) of CGST Act.

In given case, Trend Footwear is registered supplier in Jaipur so applicable turnover limit for him is Rs 1.50 crore in the PY. Trend Footwear is thus fulfilling the turnover criteria.

However, since he is supplying services (other than those of restaurant / catering services) exceeding 10% of State turnover of preceding FY, he is getting disqualified from composition scheme as per Sec 10(2) of CGST Act.

Thus, Trend Footwear having rental income from the basement of a commercial building exceed, so it cannot opt for composition scheme irrespective of its aggregate turnover in the preceding financial year.

Question 17

Examiner whether the following statements are true or false giving brief reasons:

- (i) It is mandatory to issue a tax invoice in case a registered person has opted for composition levy scheme.
- (ii) A composition tax payer, who has not rendered any taxable supply during a quarter, is not required to file any return.

Answer

- (i) False

A taxable person opting for the scheme has to issue bill of supply as he is not eligible to issue taxable invoice under GST.

- (ii) False

Even if a composition tax payer has not rendered any taxable supply during a quarter, he is required to file nil return.

Question 18

M/s. Ginny and John Company is a partnership firm of interior decorators and also running a readymade garment showroom. Turnover of the showroom was ₹ 80 lakhs and receipts of the interior decorator's service was ₹ 22 Lakhs in the preceding financial year.

With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme?

Will your answer change, if the turnover of the showroom was ₹ 70 lakh and receipts of the interior Decorator's service was ₹ 22 Lakhs in the preceding financial year?

Also discuss whether it is possible for M/s. Ginny and John Company to opt for composition scheme only for showroom?

Answer

- (i) Not eligible for composition scheme - as engaged in supply of services other than restaurant/catering services exceeding 10% of state turnover of preceding FY (even though it is fulfilling condition of aggregate turnover)
- (ii) Not eligible for composition scheme - as engaged in supply of services other than restaurant/catering services exceeding 10% of state turnover of preceding FY (even though it is fulfilling condition of aggregate turnover)

Composition scheme has to be opted for all registered premises - if any registered premise is not eligible for composition, then any registered premise cannot opt for composition scheme.

Question 19

M/s Sai Trading Company, an eligible registered dealer in goods making intra-state supplies within the state of Andhra Pradesh, has reported an aggregate turnover of ₹ 78 Lakhs in the preceding financial year.

- (i) Determine whether Sai Trading Company will be eligible for composition levy, as on 31-10-2018.
- (ii) Will your answer be different, if in the above scenario, M/s Sai Trading Company is making intra state supply within the state of Jammu and Kashmir?

Answer

- (i) Section 10 of CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.50 crore may opt for composition scheme. The turnover limit is ₹ 75 lakh in case of Special Category States. In the given case, the applicable turnover limit for composition scheme will be Rs. 1.50 crore as Andhra Pradesh is not a Special Category State. Further, since the aggregate turnover of the registered person in the given case does not exceed Rs. 1.50 crore and it satisfies other conditions of composition scheme namely, not making inter-State supplies of goods, it is eligible for composition levy.
- (ii) Since the turnover limit for determining the eligibility for composition scheme in the State of Jammu and Kashmir is also Rs. 1.5 crore, Sai Trading Company will be eligible for composition levy with other condition of not making inter-State supplies of goods being fulfilled.

Question 20

M/s. Handsome and Likemi Company, a partnership firm at Mumbai is running a mobile phone showroom. Along with mobile phone showroom, it is also engaged in providing health and fitness services.

Turnover of the mobile phone showroom was ₹ 78 lakhs and receipts of the health and fitness service was ₹ 26 lakhs in the preceding financial year.

- (i) With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme,
- (ii) Will your answer change, if the turnover of the mobile phone showroom was ₹ 74 lakhs and receipts of the health and fitness service was ₹ 18 lakhs in the preceding financial year?
- (iii) If M/s. Handsome and Likemi Company obtain separate registration for their mobile phone showroom & for health fitness centre, can it opt for composition scheme only for mobile phone showroom?

Answer

A registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore ₹ 75 lakhs in case of special category States, may opt for composition scheme vide section 10 of CGST Act, 2017.

However, he shall not be eligible to opt for composition scheme if, inter alia, he is engaged in the supply of services other than restaurant services.

- (i) In the given case, since M/s Handsome and Likemi Company is engaged in supply of health and fitness service exceeding the prescribed limit of 10% of state turnover, it is not eligible to opt for composition scheme irrespective of its turnover in the preceding financial year.
- (ii) The answer will remain the same i.e., M/s. Handsome & Likemi Company will not be eligible to opt for composition scheme even with the change in the turnovers.
- (iii) Where more than one registered persons are having the same Permanent Account Number, the registered person shall not be eligible to opt for composition scheme unless all such registered person opt to pay tax under composition scheme.

Therefore, M/s. Handsome and Likemi Company will not be able to opt for composition scheme only for mobile phone showroom as all the registrations under the same PAN have to opt for composition scheme and since the supply of health and fitness service is ineligible for composition scheme, supply of mobile phones too becomes ineligible for composition scheme.

Question 21

Enumerate the persons who are not eligible to opt for Composition Scheme under section 10(2) of the CGST Act, 2017.

Answer

A registered person shall not be eligible to opt for composition scheme if:-

- (i) he is engaged in supply of services other than supplies referred to in paragraph 6(b) of Schedule II.
- (ii) he is engaged in supply of goods not leviable to tax
- (iii) he is engaged in inter-State outward supplies of goods
- (iv) he is engaged in supply of goods through an electronic commerce operator
- (v) he is a manufacturer of notified goods, namely, manufacturer of ice cream, pan masala, tobacco and aerated water
- (vi) He is neither casual taxable person nor a non-resident taxable person

Question 22

Mr. Ajay has a registered repair centre where electronic goods are repaired/serviced. His repair centre is located in State of Rajasthan and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding financial year (FY) is ₹ 45 lakh.

With reference to the provisions of the CGST Act, 2017, examine whether Mr. Ajay can opt for the composition scheme in the current financial year (FY)? Is he eligible to avail benefit of concessional payment of tax u/s 10(2A)? Considering the option of payment of tax available to Mr. Ajay, compute the amount of tax payable by him assuming that his aggregate turnover in the current financial year is ₹ 35 lakh.

Will your answer be different if Mr. Ajay procures few items required for providing repair services from neighboring State of Madhya Pradesh?

Answer

Section 10 of the CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed Rs. 1.5 crore (Rs. 75 lakhs in Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir), may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates.

However, if, inter alia, such registered person is engaged in the supply of services other than restaurant services, he shall not be eligible to opt for composition levy.

In the given case, since Mr. Ajay is a supplier of repair services, he is not eligible for composition scheme even though his aggregate turnover in the preceding FY does not exceed Rs. 1.5 crore. Therefore, he has to discharge his tax liability under regular provisions at the applicable rates. However, Section 10(2A) has provided an option to a registered person whose aggregate turnover in the preceding financial year is upto Rs. 50 lakh and who is not eligible to pay tax under composition scheme, to pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] on first supplies of goods and/or services upto an aggregate turnover of Rs. 50 lakh made on/after 1st April in any FY, subject to specified conditions.

Thus, in view of the above-mentioned provisions, Mr. Ajay is eligible to avail the benefit of concessional payment of tax u/s 10(2A) as his aggregate turnover in the preceding FY does not exceed Rs. 50 lakh and he is not eligible to opt for the composition scheme. Thus, the amount of tax payable by him u/s 10(2A) is Rs. 2,10,000 [6% of Rs. 35 lakh].

A registered person cannot opt for Section 10(2A), if inter alia, he is engaged in making any inter-State outward supplies. However, there is no restriction on inter-State procurement of goods. Hence, answer will remain the same even if Mr. Ajay procures few items from neighboring State of Madhya Pradesh.

Question 23

Examine in relation to composition levy scheme under the CGST Act, 2017 and the rules made thereunder in the following individual cases: [Modified]

- (1) Ketu is a manufacturer of ice-cream and pan masala in State of Maharashtra. His turnover for the year does not exceed ₹ 1.5 Crore. He wants to register for composition levy scheme. Is he eligible for it?
- (2) Jadhu of Gujarat opts for composition scheme during a financial year 2017-18. But on 10-02-2018 his turnover crosses ₹ 1.5 Crore, can he continue under composition levy scheme.
- (3) X Ltd. has 2 branches K & L in Delhi, having same PAN. Branch K opts for normal scheme. X Ltd. want to continue composition levy in case of its branch L. Can X Ltd. continue composition levy only for branch L?

Answer

- (1) A registered person who is engaged in manufacture of, inter alia, ice cream and pan masala, is not eligible to opt for composition levy even if his aggregate turnover does not exceed Rs. 1.5 crore. Therefore, in the given case, Ketu is not eligible to opt for composition levy.
- (2) The option to pay tax under composition levy availed of by a registered person lapses with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of Rs. 1.5 crore. He needs to pay tax under normal scheme from that day. Since in the given case, the turnover

of Jadhva crosses Rs. 1.5 crore on 10.02.2018, he cannot continue under composition scheme from that day.

- (3) Where person having the same Permanent Account Number, has more than one registration, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme. In other words, all the registrations under the same PAN have to opt for composition scheme. In view of the same, in the given case, X Ltd. cannot continue with composition scheme only for branch L

Question 24

Whether the supplier in the following cases is eligible for composition scheme:

- (i) X is an interior decorator and is registered in Punjab. His gross receipts in the preceding financial year amounted to ₹ 60 Lakh.
- (ii) A registered dealer in Haryana supplies goods to its neighboring states along with intrastate supplies. His total turnover in the current financial year is not likely to exceed ₹ 40 Lakh. His aggregate turnover in the preceding financial year was ₹ 45 Lakh.

Answer

Section 10 of the CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed Rs. 1.5 crore (Rs. 75 lakhs in Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir), may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates.

- (i) As the gross receipts of Mr. X does not exceed the ₹ 1.5 crore he is eligible to opt for composition scheme.
- (ii) A registered person shall not be eligible to opt for composition scheme if he is engaged in inter-State outward supplies of goods, thus as the registered person of Haryana supplies goods to its neighboring states along with intrastate supplies he is not eligible to opt for composition scheme

Question 25

Sultan & Sons, a partnership firm, in Nagpur, Maharashtra is a wholesaler of a taxable product 'P' and product 'Q' exempt by way of a notification, in the State of Maharashtra. Its aggregate turnover in the preceding financial year is ₹ 130 lakh. The firm wishes to opt for composition scheme under sub-sections (1) & (2) of section 10. However, its accountant is of the view that a person engaged in making supply of exempt goods is not eligible for the said scheme. Discuss.

Note: Assume that Sultan & Sons is not engaged in manufacture of goods as notified under section 10(2)(e).

Answer

The view taken by the accountant of Sultan & Sons is not valid in law. A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Delhi. Further, such person must not be engaged in making any supply of goods or services which are not leviable to tax under this Act and must not be engaged in making any inter-State outward supplies of goods or services, for being eligible to pay tax under said scheme.

In the given case, the aggregate turnover of Sultan & Sons does not exceed ₹ 1.5 crore. Further, it is engaged in making only intra-State supply of goods and Product P supplied by it is taxable and Product Q supplied by it is leviable to tax, though exempted by way of notification. Therefore, it is eligible for composition levy under section 10(1) & 10(2) in the current year.

Question 26

A person availing composition scheme, under sub-sections (1) & (2) of section 10, in Haryana during a financial year crosses the turnover of ₹ 1.5 crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March? Please advise.

Answer

No. The option to pay tax under composition scheme lapses from the day on which the aggregate turnover of the person availing composition scheme for goods during the financial year exceeds the specified limit (₹ 1.5 crore). Once he crosses the threshold, he is required to file an intimation for withdrawal from the scheme in prescribed form within 7 days of the occurrence of such event.

Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in prescribed form containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn, within a period of 30 days from the date from which the option is withdrawn.

Question 27

Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2), provided their turnover in preceding year does not exceed ₹ 1.5 crore:

- (i) Mohan Enterprises is engaged in trading of pan masala in Rajasthan and is registered in the same State.
- (ii) Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighboring States.

Answer

- (i) A supplier engaged in the manufacture of goods as notified under section 10(2)(e), during the preceding FY is not eligible for composition scheme under section 10(1) and 10(2). Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes and aerated waters are notified under this category. However, in the given case, since Mohan Enterprises is engaged in trading of pan masala and not manufacture and his turnover does not exceed ₹ 1.5 crore, he is eligible for composition scheme subject to fulfilment of specified conditions.
- (ii) Since supplier of inter-State outward supplies of goods or services is not eligible for composition levy, Sugam Manufacturers is not eligible for composition levy.

Question 28

Subramanian Enterprises has two registered places of business in Delhi. Its aggregate turnover for the preceding year for both the places of business was ₹ 120 lakh. It wishes to pay tax under composition levy, under section 10(1) & 10(2), for one of the places of business in the current year while under normal levy for other. You are required to advice Subramanian Enterprises whether he can do so?

Answer

A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Delhi. Since the aggregate turnover of Subramanian Enterprises does not exceed ₹ 1.5 crore, it is eligible for composition levy in the current year. However, all registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme. If one such registered person opts for normal scheme, others become ineligible for composition scheme. Thus, Subramanian Enterprises either have to opt for composition levy for both the places of business or under normal levy for both the places of business.

Question 29

Mr. Ajay has a registered repair Centre where electronic goods are repaired/serviced. His repair Centre is located in State of Rajasthan and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding financial year (FY) is ₹ 45 lakh.

With reference to the provisions of the CGST Act, 2017, examine whether Mr. Ajay can opt for the composition scheme under section 10(1) & 10(2) in the current financial year? Or whether he is eligible to avail benefit of composition scheme under section 10(2A)? Considering the option of payment of tax available to Mr. Ajay, compute the amount of tax payable by him assuming that his aggregate turnover in the current financial year is ₹ 35 lakh.

Will your Answer be different if Mr. Ajay procures few items required for providing repair services from neighboring State of Madhya Pradesh?

Answer

Section 10(1) provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore (₹ 75 lakh in Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir), may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates. However, as per proviso to section 10(1), person who opts to pay tax under composition scheme may supply services other than restaurant services, of value not exceeding 10% of the turnover in a State or Union territory in the preceding financial year or ₹ 5 lakh, whichever is higher.

In the given case, since Mr. Ajay is an exclusive supplier of services other than restaurant services [viz. repair services], he is not eligible for composition scheme under section 10(1) & 10(2).

However, section 10(2A) provides an option to a registered person (subject to certain conditions) whose aggregate turnover in the preceding financial year is up to ₹ 50 lakh and who is not eligible to pay tax under composition scheme under section 10(1) & 10(2), to pay tax @ 3% [Effective rate 6% (CGST+SGST/UTGST)] of the turnover of supplies of goods and services in the State or Union territory.

Thus, in view of the above-mentioned provisions, Mr. Ajay is eligible to avail the composition scheme under section 10(2A) as his aggregate turnover in the preceding FY does not exceed ₹ 50 lakh and he is not eligible to opt for the composition scheme under section 10(1) & 10(2).

Thus, the amount of tax payable by him as per the composition scheme under section 10(2A) is ₹ 2,10,000 [6% of ₹ 35 lakh].

A registered person cannot opt for composition scheme under section 10(2A), if, inter alia, he is engaged in making any inter-State outward supplies. However, there is no restriction on inter-State procurement of goods.

Hence, Answer will remain the same even if Mr. Ajay procures few items from neighboring State of Madhya Pradesh.

Question 30

M/s United Electronics, a registered dealer, is supplying all types of electronic appliances in the State of Karnataka. Their aggregate turnover in the preceding financial year by way of supply of appliances was ₹ 120 lakh. The firm also expects to provide repair and maintenance service of such appliances from the current financial year.

With reference to the provisions of the CGST Act, 2017, examine:

- (i) Whether the firm can opt for the composition scheme, under section 10(1) and 10(2), for the current financial year, as the turnover may include supply of both goods and services?
- (ii) If yes, up to what amount, the services can be supplied?

Answer

The registered persons, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore, may opt to pay tax under composition levy, under section 10(1) and 10(2).

The scheme can be availed by an intra-State supplier of goods and supplier of restaurant service.

However, the composition scheme permits supply of marginal services (other than restaurant services) for a specified value along with the supply of goods and restaurant service, as the case may be.

Thus, M/s United Electronics can opt for composition scheme for the current financial year as its aggregate turnover is less than ₹ 1.5 crore in the preceding financial year and it is not engaged in inter-State outward supplies.

- (ii) The registered person opting for composition scheme, under section 10(1) and 10(2), can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher, in the current financial year.

Thus, M/s United Electronics can supply repair and maintenance services up to a value of ₹ 12 lakh [10% of ₹ 120 lakh or ₹ 5 lakh, whichever is higher] in the current financial year.

4. SUPPLY

Question 1

Meghraj & Co. wishes to commence the business of supplying ready-made garments within Punjab and in the neighboring States of Delhi and Haryana. Kindly state as to what is the taxable event under GST and leviability of CGST, SGST/UTGST and IGST on the same?

Answer

Taxable event under GST is supply of goods or services or both. CGST and SGST/ UTGST will be levied on intra-State supplies. IGST will be levied on inter-State supplies.

Question 2

Damodar Private Ltd., registered in Delhi, has transferred some goods to its branch, registered in West Bengal, so that the goods can be sold from the branch. The goods have been transferred without any consideration. The company believes that the transaction undertaken by it does not qualify as supply as no consideration is involved. Ascertain whether the transfer of goods by Damodar Private Ltd. to its branch office qualifies as supply.

Answer

As per Schedule I, 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, is deemed as supply even if made without consideration. In the given case, since the Damodar Private Ltd. and its branch located in another State are distinct persons, supply of goods between them qualifies as supply.

Question 3

Prithvi Associates is engaged in supply of taxable goods. It enquires from its tax advisor as to whether any activity can be treated as supply even if made without consideration in accordance with the provisions. You are required to enumerate such activities, if any.

Answer

Section 7 stipulates that the supply should be for a consideration and should be in the course or furtherance of business. However, Schedule I enumerates the cases where an activity is treated as supply, even if the same is without consideration. These are as follows:

- (i) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- (ii) 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.
However, gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
- (iii) 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.
- (iv) 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.

Question 4

Composite supply is treated as supply of that particular goods or services which attracts the highest rate of tax. Examine the validity of the statement.

Answer

The statement is not correct. Composite supply is treated as supply of the principal supply. It is the mixed supply that is treated as supply of that particular goods or services which attracts the highest rate of tax.

Question 5

Transfer of title and/or possession is necessary for a transaction to constitute supply of goods. Examine.

Answer

Title as well as possession both have to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II(1)(b). In some cases, possession may be transferred immediately, but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.

Question 6

Examine whether the following activities would amount to supply under section 7 read with Schedule I:

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

Answer

Schedule I, inter alia, stipulates 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. Further, a person who has obtained more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as distinct persons [Section 25(4)].

In view of the same, factory and depot of Sulekha Manufacturers are distinct persons. Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply under section 7 read with Schedule I.

(b) Raman is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.

Answer

Schedule I, inter alia, stipulates that import of services by a taxable 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. Explanation to section 15, inter alia, provides that persons shall be deemed to be “related persons” if they are members of the same family. Further, as per section 2(49), family means, –

- (i) the spouse and children of the person, and
- (ii) The parents, grand-parents, brothers and sisters of the person **if they are wholly or mainly dependent on the said person.**

In the given case, Raman has received free of cost legal services from his brother. However, in view of section 2(49)(ii) above, Raman and his brother cannot be considered to be related as Raman’s brother is a well-known lawyer and is not wholly/mainly dependent on Raman. Further, Raman has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Raman’s brother to him would not be treated as supply under section 7 read with Schedule I.

(c) Would your Answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai?

Answer

In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman’s brother to him would still not be treated as supply under section 7 read with Schedule I as although the same are provided in course or furtherance of business, such services have not been received from a related person.

Question 7

State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II:

- (a) Renting of immovable property.
- (b) Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business.
- (c) Transfer of right in goods without transfer of title in goods.
- (d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

Answer

- (a) Supply of services
- (b) Supply of goods
- (c) Supply of services
- (d) Supply of goods

Question 8

Determine whether the following supplies would be treated as supply of goods or supply of services as per Schedule II:

- (a) Temporary transfer or permitting use or enjoyment of any intellectual property right.
- (b) Any treatment or process which is applied to another person's goods.
- (c) Transfer of title in goods.

Answer

- (a) Supply of services
- (b) Supply of services
- (c) Supply of goods

Question 9

The goods supplied on hire purchase basis will be treated as supply of services. Examine the validity of the statement.

Answer

The statement is not correct. Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date.

Question 10

Examine whether the activity of import of service in the following independent cases would amount to supply under section 7:

- (i) Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.
- (ii) Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Shriniti]. Further, Miss Shriniti did not pay any consideration for the said service.
- (iii) Will your Answer change if in the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises and not her residence?

Answer

- (i) Supply, under section 7, inter alia,
 - (a) includes import of services for a consideration
 - (b) even if it is not in the course or furtherance of business.

Thus, although the import of service for consideration by Miss. Shriniti Kaushik is not in course or furtherance of business [as the interior decoration services have been availed in respect of residence], it would amount to supply.

- (ii) Schedule I, inter alia, stipulates that import of services by a taxable 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. Explanation to section 15, inter alia, provides that persons shall be deemed

to be “related persons” if they are members of the same family. Further, as per section 2(49), family means, –

- (a) the spouse and children of the person, and
- (b) (ii) the parents, grand-parents, brothers and sisters of the person U **if they are wholly or mainly dependent on the said person U.**

In the given case, Miss Shriniti Kaushik has received interior decoration services from her brother. In view of section 2(49)(ii) above, Miss Shriniti and her brother shall be considered to be related as Miss Shriniti’s brother is wholly dependent on her.

However, Miss Shrinti has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Shrinti’s brother to her would not be treated as supply under section 7 read with Schedule I.

- (iii) In the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises, services provided by Miss Shriniti’s brother to her would be treated as supply under section 7 read with Schedule I.

Question 11

Determine whether the following supplies amount to composite supplies:

- (i) A hotel provides 4 days-3 nights package wherein the facility of breakfast and dinner is provided along with the room accommodation.
- (ii) A toothpaste company has offered the scheme of free soap along with the toothpaste.

Answer

Under composite supply, two or more taxable supplies of goods or services or both, or any combination thereof, are naturally bundled and supplied in conjunction with each other, in the ordinary course of business, one of which is a principal supply [Section 2(30)]. In view of the same,

- a. since supply of breakfast and dinner with the accommodation in the hotel are naturally bundled, said supplies qualify as ‘composite supply’.
- b. since supply of soap along with the toothpaste are not naturally bundled, said supplies do not qualify as ‘composite supply’.

Question 12

Dumdum Electronics has sold the following electronic items to Akbar Retail Store.

- (i) Refrigerator (500 liters) taxable @ 18%
- (ii) Stabilizer for refrigerator taxable @ 12%
- (iii) LED television (42 inches) taxable @ 12%
- (iv) Split air conditioner (2 Tons) taxable @ 28%
- (v) Stabilizer for air conditioner taxable @12%

Dumdum Electronics has issued a single invoice, indicating price of each of the above items separately in the same. Akbar Retail Store has given a single cheque of ₹ 1, 00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case.

Answer

In the given case, the items supplied by Dumdum Electronics are not naturally bundled in the ordinary course of business. Therefore, such supply is not a composite supply. Further, although Akbar Retail Store has paid a composite discounted price for these goods, Dumdum Electronics has not charged a single price for the said supply. Therefore, said supply is also not a mixed supply.

Supply of these goods is, therefore, supply of individual items which are taxable at the respective rates applicable to them.

Question 13

Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at ₹ 30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:

Goods/services supplied	GST rate
Chocolates	18%
Fruit juice bottles	12%
Toy balloons	5%

Answer

As per section 2(74), mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Supply of a package containing chocolates, fruit juice bottles and a packet of toy balloons is a mixed supply as each of these items can be supplied separately and is not dependent on any other. Further, as per section 8(b), the mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax. Thus, in the given case, supply of packages is treated as supply of chocolates [since it attracts the highest rate of tax] and the rate of GST applicable on the package of ₹ 6,00,000 ($20,000 \times ₹ 30$) is 18%

Question 14

Gagan Engineering Pvt. Ltd., registered in Haryana, is engaged in providing maintenance and repair services for heavy steel machinery. For carrying out the repair work, Gagan Engineering Pvt. Ltd. sends its container trucks equipped with items like repair equipments, consumables, tools, parts etc. from Haryana workshop to its own repairing centers (registered under GST law) located in other States across India where the clients' machinery are being brought and are being repaired. Discuss the levability of GST on the inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. in Haryana to its own repairing centers located in other States across India.

Answer

As per section 25(4), 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'.

Schedule I to the CGST Act specifies situations where activities are to be treated as supply even if made without consideration. Supply of goods and/or services between 'distinct persons' as specified in

section 25, when made in the course or furtherance of business is one such activity included in Schedule I under para 2.

However, as per CBIC circular, the inter-State movement of various modes of conveyance including, inter alia, trucks, carrying goods or passengers or both or for repairs and maintenance, between 'distinct persons' as specified in section 25(4), not involving further supply of such conveyance, may be treated 'neither as a supply of goods nor supply of service' and therefore, will not be leviable to IGST. Applicable CGST/SGST/IGST, however, shall be leviable on repairs and maintenance done for such conveyance [Circular No. 1/1/2017 IGST dated 07.07.2017].

Thus, in the given case, inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. located in Haryana to its repair centers located in other States is 'neither a supply of goods nor supply of service'.

Question 15

PTL Pvt. Ltd. is a retail store of merchandise located in 25 States/UTs in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. Determine how the taxability of the goods supplied under "Buy One Get One Free" scheme is determined.

Answer

As per section 7(1)(a), the goods or services which are supplied free of cost (without any consideration) are not treated as "supply" except in case of activities mentioned in Schedule I. Under "Buy One Get One Free" scheme, 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. However, 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 accordingly.

Question 16

Sarvanna & Sons wishes to start supplying alcoholic liquor in the State of Tamil Nadu. Therefore, it applies for license to the Tamil Nadu Government for selling liquor for which the State Government has charged specified fee from it. Examine whether the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons qualifies as supply.

Answer

Services by way of grant of alcoholic liquor license by the State Governments have been notified to be treated neither as a supply of goods nor as a supply of service. Such license is granted against consideration in the form of license fee or application fee or by whatever name it is called.

This special dispensation is applicable only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States and is not applicable/has no precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable.

Thus, in the given case, the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons is neither a supply of goods nor a supply of service.

Question 17

State any four activities which are neither treated as supply of goods, nor supply of services, under the GST law.

Answer

These transactions are generally referred as negative list in GST which are provided in Schedule III of CGST Act, 2017

- a) Services by an employee to the employer in the course of or in relation to his employment.
- b) Services by any court or Tribunal established under any law for the time being in force.
- c) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- d) Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.
- e) Actionable claims, other than lottery, betting and gambling

Question 18

State with brief reasons whether the following are to be treated as supply of goods/ services, as per GST law:

- (i) Transfer of business as a going concern.
- (ii) Renting of immovable property.
- (iii) Permitting use of intellectual property right.

Answer

As per the provisions of schedule II of the CGST Act 2017

- (i) Supply of Goods
- (ii) Supply of Services
- (iii) Supply of Services

Question 19

Explain the concept of “zero rated supply” and refund claim therefor, under IGST.

Answer

It means any of the following supplies of goods or services or both, namely:

- a) export of goods or services or both; or
- b) supply of goods or services or both to a Special Economic Zone (SEZ), developer of SEZ unit (u/s 16(1) of the IGST Act, 2017).

Any person making zero rated supply (i.e. any exporter) shall be eligible to claim refund under either of the following options, namely:

- a) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 (Refunds) of the Central Goods and Services Tax Act or the rules made there under.
- b) he may supply goods or services or both under bond or Letter of Undertaking (LUT), subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilized input tax credit

Question 20

Mr. Raj purchased a car for personal use and after a year sold it to a car dealer for ₹ 2 lakhs. Will the transaction be a supply in terms of GST Act?

Answer

The sale of old and used car by an individual is not in the course or furtherance of business and hence does not constitute supply.

Thus, the transaction will not be treated as supply in terms of GST Act.

Question 21

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

As supply is not made by the individual in the course or furtherance of business and input tax credit has not been availed by Mr. Rahim on such car at the time of its acquisition, it is not a supply under GST as per Schedule I.

Question 22

M/s B 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

As per the provisions of Schedule I of the CGST Act 2017, permanent transfer/disposal of business assets without any consideration, on which ITC was availed is deemed to be supplied.

Question 23

Raman & 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. Employer and employee are considered to be related persons. Any supply of goods/services between related persons without any consideration is considered to be supply as per Schedule I.

Question 24

Ram has received a sum of ₹ 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 25

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.

Answer

Services received by Sparsh Ltd. will qualify as supply even though the head office has not charged anything from it. As per Schedule I, any import of services from distinct establishments outside India without consideration is deemed to be a supply.

Question 26

Micro Apparels in Chennai, Tamil Nadu, avails fashion designing services of ₹ 50,00,000 from Prabhu Designs in Singapore. Is it supply. If so, who is liable to pay GST?

Answer

It is supply (i.e. import of service) for a consideration. Micro Apparels in Chennai being recipient of service is liable to pay IGST

Question 27

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 in the course 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 28

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

Such services are not considered as supply because it is not in the course or furtherance of business and without any consideration, hence not attract GST.

Note: GST will be levied only when services are provided with consideration.

Question 29

Import of some services by an Indian branch from their parent company, in the course or furtherance of business, without consideration. Is it a 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 30

M/s C Ltd. has 3 branches A, B & C 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. Supply of goods between distinct persons without any consideration is taxable under GST. Transfer of goods between branches of C Ltd. is deemed to be supply of goods as per Schedule I and hence GST will be levied.

Question 31

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 ₹ 200 on each bottle (inclusive of duties and taxes). Kareena Ltd., charged ₹ 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 ₹ 100 x 9%)	₹ 45,000
SGST (5,000 bottles x ₹ 100 x 9%)	₹ 45,000
Total tax liability of Kareena Ltd.	₹ 90,000

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

Question 32

Mr. Raj being an 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 ₹ 15,00,000. Mr. Raj final GST return will show his supplies made during the last taxable period plus Stock in hand of ₹ 15,00,000 during the deregistration. Find the amount of supply. Is it supply of goods or services?

Answer

Yes, it is supply of goods amounting to ₹ 15,00,000. It is treated as supply of goods.

Notes: Mr. Raj has to pay GST on ₹ 15 lakhs.

However, Mr. Raj is not required to pay to GST on closing stock of ₹ 15 lakhs, provided ITC not availed on such stock

Question 33

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): ₹ 42,00,000 (includes Prime Location Charges namely charges for getting sea view ₹2,00,000).

Charges for providing space for covered parking: ₹ 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%	₹ 2,59,500
SGST (₹ 42,00,000 + ₹ 1,25,000) x 6%	₹ 2,59,500
Total liability	₹ 5,19,000

Question 34

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

Answer

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. It is not a supply of service.

Question 35

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

Answer

This transaction is treated as supply of service. Shyam is liable to pay GST.

Question 36

Shambhu 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 Nath Ltd. As per the terms of contract, Shambhu Pvt. Ltd. was to provide all the required material for execution of the contract. However, Nath Ltd also provided a portion of the material.

Whether the services provided by Shambhu Pvt. Ltd. are subject to GST? If yes, determine the GST liability of Shambhu Pvt. Ltd. from the following particulars-

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

Note: CGST 6% and SGST 6%.

Answer

Status of Supply: The activity of flooring and wall tiling involving supply of labour as well as material on part of supplier is 'works contract as defined in Sec 2(119) of CGST Act as it is an activity in relation to an immovable property. Being a works contract covered by Sec 2(119), under GST law, it shall be treated as 'supply of service' in terms of Sec 7(1A) read with Schedule II (Para 6(a)) of CGST Act).

Valuation of supply: Valuation of supply is governed by Sec 15 of CGST Act. The given case shall be valued as per Sec 15(1), i.e., on basis of transaction value as the supply is to unrelated person and for price which is sole consideration of supply.

Gross amount charged by the Shambhu Pvt. Ltd. ₹ 6,40,000

Value of material supplied free of cost by Nath Ltd/ recipient Nil

Value of such material shall not be included in terms of Sec 15(2)(b) of CGST Act because cost of such material was never to be incurred by the Supplier / Shambhu Pvt Ltd. [CBIC has also issued a Circular No. 47/21/2018-GST clarifying that such free of cost materials shall not be included in value]

Total value subject to GST ₹ 6,40,000

CGST 6% x 6,40,000 = ₹ 38,400

SGST 6% x 6,40,000 = ₹ 38,400

Total GST liability = ₹ 76,800

Question 37

M/s X & 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 X & Co., assets and liabilities and continues to operate the same business. Is it a taxable supply?

Answer

It is not a 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 is un-registered, he will be liable to pay GST.

Question 38

Sahab Sales, an air-conditioner dealer in Janakpuri, Delhi, needs 4 air-conditioners for his newly constructed house in Safdarjung 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.

Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air- conditioner to Sahab Sales for ₹ 5,000. Aakash had bought the said air-conditioner six months before, for his residence. Does sale of the air conditioner by Aakash to Sahab Sales amount to supply under section 7 of the CGST Act, 2017?

Answer

Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply:

- (a) Supply should be of goods and/or services.
- (b) Supply should be made for a consideration.
- (c) Supply should be made in the course or furtherance of business.

Further, Schedule I of the CGST Act, 2017 illustrates the activities to be treated as supply even if made without consideration. One such activity is permanent transfer or disposal of business assets where input tax credit has been availed on such assets, i.e. said activity is to be treated as supply even if made without consideration. In view of said provisions, permanent transfer of air conditioners by Sahab Sales from its stock for personal use at its residence, though without consideration, would amount to supply.

However, sale of air-conditioner by Aakash to Sahab Sales will not qualify as supply u/s 7 of the CGST Act, 2017 as although it is made for a consideration, but it's not in the course or furtherance of business

Question 39

Modest Ltd., registered in Delhi dealing in supply of electronic items transferred some of its stock to its another unit located in Haryana (inter-state transfer). Whether such self-supplies are taxable under GST?

Answer

Section 25(5) provides that 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.

As per Section 7(1)(c) read with Schedule I (Para 2) of CGST Act, 2017, supply of goods or services or both between distinct persons as specified in section 25 or between related persons when made in the course or furtherance of business is to be treated as supply even if made without consideration.

Thus, such self-supplies shall be taxable.

Yes, transfer of stock made by Modest Ltd. are taxable under GST.

Question 40

ABC Consultancy, registered in Mumbai, supplies technical consultancy services to its clients. It has been providing technical services to XY Ltd., Mumbai since past two years. Consideration is settled by XY Ltd. assignment wise. XY Ltd. paid ₹ 45 lakh to ABC Consultancy on 10th January, 2019 on ABC consultancy agreeing to not provide similar technical services to any other business entity in India or abroad for a period of 8 years. ABC Consultancy is of the view that ₹ 45 lakh is not chargeable to GST. You are required to examine whether the view taken by ABC Consultancy is valid in law.

Answer

GST law has defined the term 'goods' as well as 'services'. Goods have been defined to mean 'movable property other than money and securities'.

Services have been defined to mean anything other than goods, money and securities.

Supply of consultancy service is supply of service (service activity for consideration). Also, agreeing not to do an act for consideration is also a service activity for consideration. In-fact, Sec 7(1A) read with Schedule II (Para 5(e)) of CGST Act provides that agreeing not to do an act shall be treated as supply of service.

Thus, consideration received **for non-compete agreement is consideration for supply of services**. Consideration of ₹ 45 lakh received on the promise of ABC consultancy of not providing similar services to any other person, is consideration for supply which is chargeable to GST.

Thus, the view taken by ABC Consultancy is not valid in law

Question 41

Mrs. Pragati received legal advice for her personal problems & paid 1,000 pound as a legal fee to Miss Unnati of U.K. (London). Explain whether the above activity of import of service would amount to supply u/s 7 of the CGST Act, 2017?

If in above case both of them are real sisters & no consideration is paid then will it change your answer?

Further in the above case if both of them are real sisters & Mrs. Pragati receives legal advice for her business & she doesn't pay any consideration then what will be your answer?

Answer**1. Import of legal service for consideration of 1,000 pound:**

Importation of service for consideration is supply whether or not in the course or furtherance of business [section 7(1)(b) of CGST Act]. Thus, even if Mrs. Pragati has received such service for his personal purpose, import will qualify as supply as it is being made for consideration.

2. Import of legal service without consideration**(a) Import of legal service in personal matter**

Import of any service without consideration amounts to supply in terms of Sec 7(1)(c) read with Schedule I (Para 4) only if following conditions are fulfilled:

- 1) Import is by a taxable person;
- 2) Import is in course or furtherance of business of such taxable person;
- 3) Import is from related person or own establishment outside India

Presuming Mrs Pragati is taxable person under GST, still import of legal service by will not amount to supply as such import it not in course or furtherance of business (as such advice is for personal matter)

(b) Import of legal service in business matter

If Mrs. Pragati is taxable person and import of service is for business matter, then such import without consideration would amount to supply if it is from related person or his other establishment outside India.

Import from real sister is not import from 'related person'. GST law has defined related person to include members of same family. Sister is considered as family member if she is wholly or mainly dependent upon the person. In given question, it seems Mrs Unnati in UK is quite independent and no way dependent upon Mrs Pragati and therefore, **Mrs Pragati and Mrs Unnati are not 'related person'** under GST law.

Since import of service without consideration is not from related person or other establishment outside India, it will not amount to supply under GST law

Question 42

Examine whether the activity of import of service in the following independent cases would amount to supply under section 7 of the CGST Act, 2017?

- (i) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.
- (ii) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.
- (iii) Miss Shriniti Kaushik received vastu consultancy services for her business premises located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.

Answer

- (i) Import of service for Consideration not in course/furtherance of business: -- Would amount to supply as per Sec 7(1)(b) of CGST Act
- (ii) Import of service without Consideration not in course/furtherance of business – Would not amount to supply as per Sec 7(1)(c) of CGST Act read with Schedule I (para 4)
- (iii) Import of service without Consideration in course/furtherance of business but not from related person or from own establishment outside India – Would not amount supply as per Sec 7(1)(c) of CGST Act read with Schedule I (para 4)

Note: Mr Varun, brother of Miss Shriniti, is not considered as 'related person' under GST law unless he is wholly or substantially dependent upon Miss Shriniti. In absence of any specific information in the question, it has been safely assumed that Mr Varun is not dependent upon Miss Shriniti.

Question 43

Mr. Ram being a dealer in laptops. Sold a laptop bag along with the laptop to a customer, for ₹ 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

“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. The items cannot be supplied separately.”

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 ₹ 55,000.

CGST is ₹ 4,950 and SGST is ₹ 4,950

Question 44

- (a) Mr. A booked a Rajdhani train ticket, which includes meal. Is it composite supply or mixed supply?
- (b) Big Bazar offers a free bucket with detergent purchased. Is it composite supply or mixed supply? Assume rate of GST for detergent @28% and bucket @18%.

Answer

(a) 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.

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

Question 45

Explain the services provided by way of tolerating non-performance of a contract and its chargeability under the provisions of the CGST Act, 2017.

Answer

Non-performance of a contract is the failure to fulfill the obligations under a contract. It is generally one of the conditions stipulated in any contract for supply of goods/services. The agreement entered into between the parties stipulates that both the service provider and service recipient abide by the terms and conditions of the contract. In case any of the parties breach the contract for any reason including non-performance of the contract, then such person is liable to pay damages in the form of fines or penalty to the other party.

Tolerating non-performance of a contract in lieu of damages or fines is a supply in terms of section 7 of the CGST Act, 2017 as it is made for a consideration by a person in the course or furtherance of business.

Further, tolerating non-performance of a contract is treated as a supply of service in terms of section 7 read with Schedule II of CGST Act, 2017. However, in case of supplies to Government, non-performance of contract by the supplier of service for which consideration in the form of fines or liquidated damages is payable is exempt from GST.

Question 46

State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of CGST Act:

- (i) Renting of immovable property
- (ii) Transfer of right in goods without transfer of title in goods.
- (iii) Works contract services
- (iv) Temporary transfer of permitting use or enjoyment of any intellectual property right
- (v) Sale of personal car to dealer.

Answer

As per schedule II of the CGST Act 2017,

- (i) Supply of Services
- (ii) Supply of Services
- (iii) Supply of Services
- (iv) Supply of Services
- (v) Supply of Goods

Question 47

Explain the concepts "Composite Supply" and "Mixed Supply" with reference to the provisions of CGST Act. Give at least one example in each case.

Answer

In terms of Section 2(30) of CGST Act, 2017 composite supply means supply made by a taxable person to a recipient consisting of two or more taxable supplies* of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

The example of **composite supply** is:

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.

In terms of Section 2(74) of CGST Act, mixed supply means two or more individual supplies of goods or services or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

The example of **mixed supply** is:

A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

5.REGISTRATION

Question 1

Determine the effective date of registration in following cases:

- (a) The aggregate turnover of Dhampur Footwear Industries of Delhi has exceeded the applicable threshold limit of ₹ 40 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.
- (b) Mehta Teleservices is an architect in Lucknow. Its aggregate turnover exceeds ₹ 20 lakh on 25th October. It submits the application for registration on 27th November. Registration certificate is granted to it on 5th December.

Answer

- a) Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit [₹ 40 lakh in this case] in a financial year [Section 22 read with Notification No. 10/2019 CT dated 07.03.2019].

Since in the given case, the turnover of Dhampur Industries exceeded ₹ 40 lakh on 1st September, it becomes liable to registration on said date.

Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration [Section 25 read with rule 10]. Therefore, the effective date of registration is 1st September.

- b) Since in the given case, the turnover of Mehta Teleservices exceeds the applicable threshold limit [₹ 20 lakhs] on 25th October, it becomes liable to registration on said date.

Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration. Therefore, the effective date of registration is 5th December.

Question 2

In order to be eligible for grant of registration, a person must have a Permanent Account Number issued under the Income- tax Act, 1961. State one exception to it.

Answer

A Permanent Account Number is mandatory to be eligible for grant of registration. One exception to this is a non-resident taxable person. A non-resident taxable person may be granted registration on the basis of other prescribed documents instead of PAN. He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN and application will be submitted in a different prescribed form [Section 25(6) & (7)].

Question 3

State which of the following suppliers are liable to be registered:

- Agent supplying taxable goods on behalf of some other taxable person and its aggregate turnover does not exceed the applicable threshold limit during the financial year.
- An agriculturist who is only engaged in supply of produce out of cultivation of land and its aggregate turnover exceeds the applicable threshold limit during the financial year.

Answer

- Section 22 stipulates that every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit in a financial year. However, as per section 24, a person making taxable supply of goods/services or both on behalf of other taxable persons whether as an agent or not is liable to be compulsorily registered even if its aggregate turnover does not exceed the applicable threshold limit during the financial year.
- As per section 23, an agriculturist who is only engaged in supply of produce out of cultivation of land is not required to obtain registration even if his turnover exceeded the applicable threshold limit for registration.

Question 4

Pure Oils, Delhi has supplied machine oil and high-speed diesel in the month of April as per the details given in table below. Pure Oils is not yet registered.

Sl. No.	Particulars	Amount (₹)*
(i)	Supply of machine oil in Delhi	15,00,000
(ii)	Supply of high-speed diesel in Delhi	10,00,000
(iii)	Supply of machine oil made in Punjab by Pure Oils from its branch located in Punjab	10,00,000

*excluding GST

Determine whether Pure Oils is liable for registration.

Answer

As per section 22 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:-

- ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- ₹ 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan Masala and Tobacco and manufactured tobacco substitutes.

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

- a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
b) ₹ 20 lakh for the rest of India.

As per section 2(6), 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'.

Section 9(2) 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), exempt supply includes non-taxable supply. Thus, supply of high-speed diesel in Delhi, being a non-taxable 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 of Pure Oils for the month of April is computed as under:

Sl. No.	Particulars	Amount (₹)*
(i)	Supply of machine oil in Delhi	15,00,000
(ii)	Add: Supply of high speed diesel in Delhi	10,00,000
(iii)	Add: Supply of machine oil made by Pure Oils from its branch located in Punjab	<u>10,00,000</u>
	Aggregate Turnover	35,00,000

Pure Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹ 40,00,000. Since the aggregate turnover does not exceed ₹ 40,00,000, Pure Oils is not liable to be registered.

Question 5

What will be your Answer if in question 4 above, in S.No. (ii), Pure Oils supplies the high-speed diesel in Delhi in the capacity of an agent of Mixed Oils Ltd.?

Answer

In case Pure Oils makes the supply in capacity of an agent of Mixed Oils Ltd.:

Section 24 provides that an agent who is engaged in making taxable supplying of goods on behalf of other taxable persons, shall be liable to obtain registration irrespective of the threshold turnover limit. However, in the present case, if Pure Oils supply high speed diesel on behalf of Mixed Oil Ltd. in Delhi as its agent, it shall still not be liable to obtain registration in Delhi since section 24 comes into play only when agent is making taxable supply of goods on behalf of principal whereas in the given case, Pure Oils is supplying non-taxable goods on behalf of Mixed Oils Ltd.

Question 6

Examine whether the supplier of goods is liable to get registered in the following independent cases:-

- (i) Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 33 lakh. He has another showroom in Tripura with a turnover of ₹ 11 lakh in the current FY.
- (ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakh.
- (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ₹ 24 lakh.

Answer

As per section 22 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:-

- a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- c) ₹ 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

In the light of the afore-mentioned provisions, the Answer to the independent cases is as under:-

- a) Raghav is eligible for higher threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments from a Special Category State i.e. Tripura, the threshold limit gets reduced to ₹ 10 lakh. Thus, Raghav is liable to get registered under GST as his turnover exceeds ₹10 lakh. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.
- b) The applicable threshold limit for registration for Pulkit in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods in Goa. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.
- c) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of ₹ 40 lakh. The applicable threshold limit for registration in this case is ₹ 20 lakh. Thus, Harshit is liable to get registered under GST.

Question 7

Examine whether the supplier is liable to get registered in the following independent cases:-

- (i) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakh.
- (ii) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is ₹ 30 lakh.

Answer

As per section 22 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 taxable supply of services or supply of both goods and services is as under:-

- a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- b) ₹ 20 lakh for the rest of India.

(i) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusively supply of goods and he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Ankit is liable to get registered under GST.

(ii) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is ₹ 20 lakh. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.

Question 8

What are the advantages of taking registration in GST?

Answer

Registration will confer following advantages to the business:

- (i) Legally recognized as supplier of goods or services.
- (ii) Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business.
- (iii) Legally authorized to collect tax from his purchasers and pass on the credit of the taxes paid on the goods or services supplied to purchasers or recipients.
- (iv) Become eligible to avail various other benefits and privileges rendered under the GST laws.

Question 9

Can a person without GST registration collect GST and claim ITC?

Answer

No, a person without GST registration can neither collect GST from his customers nor can claim any input tax credit of GST paid by him.

Question 10

If a person is making taxable supplies from different States, with the same PAN number, can he operate with a single registration?

Answer

No. Every person who is liable to take a registration will have to get registered separately for each of the States where he has a business operation (and making taxable supplies) provided his aggregate turnover exceeds applicable threshold limit.

Question 11

Can a person having multiple places of business in a State obtain separate registrations for each place of business?

Answer

Yes. In terms of the proviso to sub-section (2) of section 25, a person having multiple places of business in a State may obtain a separate registration for each place of business, subject to such conditions as may be prescribed.

Question 12

Is there a provision for a person to get himself voluntarily registered though he may not be liable to pay GST?

Answer

Yes. In terms of sub-section (3) of section 25, a person, though not liable to be registered under sections 22 or 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.

Question 13

Can the Department, through the proper officer, suo-moto proceed to register a person under GST?

Answer

Yes. In terms of sub-section (8) of section 25, where a person who is liable to be registered under GST law fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under CGST Act, or under any other law for the time being in force, proceed to register such person in the manner as is prescribed in the CGST Rules.

Question 14

Whether the registration granted to any person is permanent?

Answer

Yes, the registration certificate once granted is permanent unless surrendered, cancelled, suspended or revoked.

Question 15

Is it necessary for the UN bodies to get registration under GST?

Answer

In terms of section 25(9), all notified UN bodies, Consulate or Embassy of foreign countries and any other class of persons so notified would be required to obtain a unique identification number (UIN) from the GST portal.

The structure of the said ID would be uniform across the States in conformity with GSTIN structure and the same will be common for the Centre and the States. This UIN will be needed for claiming refund of taxes paid on notified supplies of goods and services received by them, and for any other purpose as may be notified.

Question 16

What is the responsibility of the taxable person making supplies to UN bodies?

Answer

The taxable supplier making supplies to UN bodies is expected to mention the UIN on the invoices and treat such supplies as supplies to another registered person (B2B).

Question 17

What is the validity period of the registration certificate issued to a casual taxable person and non-resident taxable person?

Answer

In terms of section 27(1) read with proviso thereto, the certificate of registration issued to a “casual taxable person” or a “non-resident taxable person” shall be valid for a period specified in the application for registration or 90 days from the effective date of registration, whichever is earlier. However, the proper officer, at the request of the said taxable person, may extend the validity of the aforesaid period of 90 days by a further period not exceeding 90 days.

Question 18

What happens when the registration is obtained by means of willful misstatement, fraud or suppression of facts?

Answer

In such cases, the registration may be cancelled with retrospective effect by the proper officer [Section 29(2)(e)].

Question 19

Is there an option to take centralized registration for services under GST Law?

Answer

No, the tax payer has to take separate registration in every State from where he makes taxable supply of services.

Question 20

What could be the liabilities (in so far as registration is concerned) on transfer of a business?

Answer

The transferee or the successor shall be liable to be registered with effect from such transfer or succession and he will have to obtain a fresh registration with effect from the date of such transfer or succession [Section 22(3)].

Question 21

At the time of registration, will the assessee have to declare all his places of business?

Answer

Yes. The principal place of business and place of business have been separately defined under section 2(89) & 2(85) respectively. The taxpayer will have to declare the principal place of business as well as the details of additional places of business in the registration form.

Question 22

Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled?

Answer

Yes, as per section 29(5), every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.

Question 23

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 2018-19 is ₹ 12 lacs in his own account and ₹ 9 lacs on behalf of principal. Whether Mr. C is liable to register compulsorily under GST law.

Answer

As per explanation 1 of Sec. 22(1) in computing the total turnover, both the value of supply on his own account that is Rs. 12 lakhs and on behalf of principal Rs. 9 lakhs will be aggregated. Hence, the aggregate turnover will be Rs. 21 lakhs. Mr. C is liable to take registration under the GST law u/s 24 as he is acting as an agent supplying goods in behalf of B (assuming him to be taxable person).

Question 24

Mr. Rajan is a farmer with an annual turnover in relation to agriculture of ₹ 18 lakh. Since this income is agriculture-related, the turnover is exempt from GST. However, Mr. Rajan also supplies plastic bags worth of ₹ 2,50,000 (taxable goods) along with his crop and charges separately for this. Is Mr. Rajan is required to register under GST? Advise.

Answer

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 person having the same PAN, to be computed on all India basis but excludes Central Tax, State Tax, Union Territory Tax, integrated tax and Cess.

Mr. Rajan is not required to get registered under GST because his aggregate turnover does not exceed the threshold limit of Rs. 40 lakhs as he is exclusively engaged in supplying goods.

Question 25

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:

- (a) Sale of taxable goods by Head Office located in Chennai for ₹ 1,00,000
- (b) Supply of taxable services by Branch office at Bengaluru for ₹ 50,000
- (c) Supply of goods exempted from GST ₹ 10,000
- (d) Export of goods and services for ₹ 2,00,000
- (e) Sale of goods acting as agent on behalf of principal for ₹ 15,00,000

Determine his aggregate turnover.?

Answer

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 person having the same PAN, to be computed on all India basis but excludes Central Tax, State Tax, Union Territory Tax, integrated tax and Cess.

Particulars	Value in ₹
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 exceed ₹ 20 lakhs, Mr. X is not required to register under GST.

Question 26

Mrs. Lakshmi, intending to start a new business in January, 2018, furnishes the following information pertaining to the period upto 31.03.2018:

S.No.	Particulars	Value (₹ in lacs)
1	Intra-State supplies of taxable goods	14,00,000
2	Intra-State supplies of exempt services	4,00,000
3	Export sales	3,20,000
4	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%?

Answer

Computation of taxable supplies and GST liability

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 take registration irrespective of their amount of turnover. As per this provision, threshold limit of Rs. 20 lakhs/ 40 lakhs (Rs. 10 lakhs in special category states) is not applicable for agents.

Question 27

M/s Moon Pvt. Ltd. incorporated in Chennai on 1st July 2018 has following details for the year 2018-19:

No.	Particulars	Value (₹ in lacs)
1	Inter-State exempted supply of goods	4.0
2	Intra-State supplies of services	5.0
3	Non-taxable supplies	2.0
4	Exempted supplies of services	0.60
5	Value of export of goods	7.0

M/s Moon Pvt. Ltd. is required to register compulsorily under GST Law, advise.

Answer

Since, aggregate turnover of Moon Pvt. Ltd. does not exceed ₹ 20 lakhs, registration is not compulsory in the financial year 2019-20.

Our answer is different in the case of M/s Moon Pvt. Ltd. made interstate **taxable** supply of goods. As per Section 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 28

Mr. Gold runs a retail shop for handmade jewelry and is registered in Chennai. Mr. Gold is planning to sell the jewelry at an exhibition in Mumbai, to be held from 1st January 2019 to 10th January 2019. Advise time with regard to registration and payment of GST.

Answer

Mr. Gold should apply for registration as a casual taxable person. He shall apply at least 5 days prior to the date of commencement. Mr. Gold should also make an advance deposit of the estimated tax liability for the period from 1st January 2019 to 10th January 2019.

Question 29

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 30

Pure Oils, Delhi has started the supply of machine oils and high-speed diesel in the month of April, 2018. The following details have been furnished by it for the said month (exclusive of taxes)

Sl. No.	Particulars	₹
(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

Determine whether Pure Oils is liable for registration. Will your answer change, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch located in Himachal Pradesh in addition to the above- mentioned supplies?

Answer

Computation of aggregate turnover for the month of April, 20XX as per Sec 2(6) of CGST Act:

	Particulars	Amount (in Rs.)
(i)	Supply of machine oils in Delhi [WN-1]	2,00,000
(ii)	Supply of high-speed diesel in Delhi [WN-2]	4,00,000
(iii)	Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi [WN-3]	3,75,000
(iv)	Supply made by Pure Oils from its branch located in Punjab [WN-4]	1,80,000
Aggregate Turnover		11,55,000

Working Notes:

1. Supply of machine oil in Delhi is intra-state supply of goods which is taxable under GST law. It shall be includible in 'aggregate turnover'.
2. Supply of HSD in Delhi is intra-state supply of goods which is non-taxable under GST law. Though non-taxable, it shall be includible in 'aggregate turnover'.
3. Transfer of goods to agent for further supply (sale) is also treated as 'supply' though such transfer does not include any consideration. Sec 7(1)(c) read with Schedule I (Para 3) covers transfer of goods to agent. Further, since goods have been transferred to Agent in Delhi, such transfer is an intra-state supply of goods which is taxable under GST. It shall be includible in 'aggregate turnover'.
4. Supply is made from branch office in Punjab. Under GST law, such branch office is treated as establishment of a different person. Thus, Head Office (Delhi) and Branch Office (Punjab) are treated as 'deemed distinct persons (establishment of different persons)' under GST law. In absence of specific information, it is presumed that Punjab branch is also making 'intra-state' supply. Since aggregate turnover is computed on all India basis (establishments operating with same PAN), it shall be includible in 'aggregate turnover'.

Registration Requirement of Pure Oils

All the supplies made by Pure Oils are intra-state supplies and thus, his liability for registration shall be governed by Sec 22 of the CGST Act which provides that every supplier is liable to be registered in the State/UT from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds Rs. 40 lakhs/20 lakhs (Rs 10 lakhs in case he is making supplies from special category states).

Since the aggregate turnover is not exceeding Rs. 40 lakh, Pure Oils is not liable to be registered. In case where Pure Oils has a branch in Himachal Pradesh from where he supplies machine oils amounting to Rs. 2,50,000, then aggregate turnover in that case will be 14,05,000 (11,55,000 + 2,50,000). Further, in this situation, the applicable threshold for registration will be Rs. 40 lakhs. Thus, in such situation Pure Oils, Delhi shall not be liable to be registered.

Question 31

Mr. X of Mumbai often participates in the jewellery exhibition at Trade Fair in Delhi, which is organized every year in the month of February. Mr. X applied for registration in January. The proper officer demanded an advance deposit of tax in an amount equivalent to the estimated tax liability of Mr. X. You are required to examine whether any advance tax is to be paid by Mr. X at the time of obtaining registration?

Answer

Since Mr. X occasionally undertakes supply of goods in the course or furtherance of business in a State where he has no fixed place of business, thus he qualifies as casual taxable person.

While a normal taxable person does not have to make any advance deposit of tax to obtain registration, a casual taxable person shall, at the time of submission of application for registration is required to make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought.

If registration is to be extended beyond the initial period of 90 days, an advance additional amount of tax equivalent to the estimated tax liability is to be deposited for the period for which the extension beyond 90 days is being sought.

Question 32

Tirupati Box Manufacturing Co. started manufacturing corrugated boxes in Andhra Pradesh on 25.01.2018. On 06.05.2018, its aggregate turnover exceeded ₹ 10 lakhs and on 01.11.2019, its aggregate turnover exceeded ₹ 40 lakh. It applied for registration on 28.11.2019 and is granted registration certificate on 05.12.2019. Determine the effective date of registration elaborating the relevant provisions.

Answer

Every supplier becomes liable to registration if his aggregate turnover exceeds ₹ 40 lakhs/ 20 lakhs/10 lakhs.

Since in the given case, the turnover of Tirupati Box Manufacturing Co. exceeded ₹ 40 lakhs on 01.11.2019, it becomes liable to registration on said date. Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date of liability [Section 25 r/w Rule 10 of CGST Rules, 2017]. Therefore, the effective date of registration is 01.11.2019.

Question 33

Determine the effective date of registration under CGST Act, 2017 in respect of the following cases with explanation:

- (i) The aggregate turnover of Varun Industries of Mumbai has exceeded ₹ 20 lakhs on 1st August, 2018. It submits the application for registration on 20th August, 2018. Registration certificate granted on 25th August, 2018.

- (ii) Sweta InfoTech Services are the provider of internet services in Pune. The aggregate turnover of them exceeds ₹ 20 lakhs on 25th September, 2018. It submits the application for registration on 27th October, 2018. Registration certificate is granted on 5th November, 2018.

Answer

Every supplier becomes liable to registration if his turnover exceeds Rs. 20 lakhs in a State/UT other than Special Category States, in a financial year [Section 22]. Since in the given case, the turnover of Varun Industries exceeded Rs. 20 lakhs on 1st August, it becomes liable to registration on said date. Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration [Section 25 read with Rule 10 of CGST Rules, 2017]. Therefore, the effective date of registration is 1st August.

Since in the given case, the turnover of Sweta InfoTech Services exceeds Rs. 20 lakhs on 25th September, it becomes liable to registration on said date.

Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration. Therefore, the effective date of registration is 5th November (Rule 10 of CGST Rules)

Question 34

Answer the following questions with respect to casual taxable person under the CGST Act, 2017

- (i) Who is a casual taxable person?
- (ii) Can a casual taxable person opt for the composition scheme?
- (iii) When is the casual taxable person liable to get registered?
- (iv) What is the validity period of the registration certificate issued to a casual taxable person?
- (v) Can the validity of registration certificate issued to a casual taxable person be extended? If yes, what will be the period of extension

Answer

- (i) Casual Taxable Person has been defined in Section 2 (20) of the CGST Act meaning a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business, whether as principal, or agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.
- (ii) A casual taxable person cannot avail the composition scheme.
- (iii) In case of a casual taxable person, registration needs to be obtained at least 5 days prior to the commencement of business
- (iv) In terms of Section 27(1) read with proviso thereto, the certificate of registration issued to a “casual taxable person” shall be valid for a period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier.
- (v) However, the proper officer, at the request of the said taxable person, may extend the validity of the aforesaid period of ninety days by a further period not exceeding ninety days.

Question 35

State with brief reason, whether following suppliers of taxable goods are required to register under the GST Law:

- (i) Mr. Raghav is engaged in wholesale cum retail trading of medicines in the State of Assam. His aggregate turnover during the financial year is 9,00,000 which consists of 8,00,000 as Intra-State supply and 1,00,000 as Inter-State supply.
- (ii) Mr. S.N Gupta of Rajasthan is engaged in trading of taxable goods on his own account and also acting as an agent of Mr. Rishi of Delhi. His turnover in the financial year 2017-18 is of 12 lakhs on his own account and 9 lakhs on behalf of principal. Both turnovers are Intra-State supply.

Answer

- (i) Person making any inter-State taxable supply of goods is required to obtain registration compulsory under GST laws irrespective of the quantum of aggregate turnover.
Thus, in the given case Mr. Raghav is required to obtain registration compulsorily under GST laws even though his aggregate turnover does not exceed the threshold limit of 40 lakh in the financial year.
- (ii) Persons who make taxable supply of goods on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Aggregate turnover includes all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.

Since Mr. S.N Gupta is also acting as an agent of Mr. Rishi of Delhi, he is required to obtain registration compulsorily under GST laws.

Question 36

Mr. Allan, a non-resident person, wishes to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advise on the following aspects, relating to CGST Act, 2017:

- (i) When shall he apply for registration?
- (ii) Is PAN mandatory for his registration?
- (iii) What is the period of validity of RC granted to him?
- (iv) Will he be able to extend the validity of his registration? If yes, what will be the period of extension?

Answer

- (i) Mr. Alan, being a non-resident person, should apply for registration, irrespective of the threshold limit, at least 5 days prior to the commencement of business.
- (ii) No, PAN is not mandatory for his registration. He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN. However, in case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available.

- (iii) Registration Certificate granted to Mr. Alan will be valid for:
- (a) Period specified in the registration application, or (b) 90 days from the effective date of registration whichever is earlier.
- (iv) Yes, Mr. Alan can get the validity of his registration extended. Registration can be extended further by period not exceeding 90 days.

Question 37

Examine whether the supplier is liable to get registered in the following independent cases:-

- (i) Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 28 lakh. He has another showroom in Tripura with a turnover of ₹ 11 lakh in the current FY.
- (ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakh.
- (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ₹ 24 lakh.
- (iv) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakh.
- (v) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is ₹ 30 lakh.

Answer

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: -

- a) Rs. 10 lakhs for the States of Mizoram, Tripura, Manipur and Nagaland.
- b) Rs. 20 lakhs for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- c) Rs. 40 lakhs for rest of India available only for persons engaged in supply of goods. However, the higher threshold limit of Rs. 40 lakhs are not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.
- d) In the light of the afore-mentioned provisions, the answer to the independent cases is as under: -
- (i) Raghav is eligible for higher threshold limit of turnover for registration, i.e. Rs. 40 lakhs as he is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments from a Special Category State i.e. Tripura, the threshold limit gets reduced to Rs. 10 lakhs. Thus, Raghav is liable to get registered under GST as his turnover exceeds Rs. 10 lakhs. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.

- (ii) The applicable threshold limit for registration for Pulkit in the given case is Rs. 40 lakhs as he is exclusively engaged in intra-State taxable supply of goods. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.
- (iii) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of Rs. 40 lakhs. The applicable threshold limit for registration in this case is Rs. 20 lakhs. Thus, Harshit is liable to get registered under GST.
- (iv) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is Rs. 20 lakhs and hence, Ankit is liable to get registered under GST.
- (v) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is Rs. 20 lakhs. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.

Question 38

Examine the liability of compulsory registration u/s 24 of the CGST Act, 2017, in each independent case mentioned below:

- (1) Meenu, a supplier in Maharashtra, is engaged in supply of potatoes within Maharashtra and also outside Maharashtra, whose turnover exceeds threshold limit under GST Law.
- (2) Jinu Oils, Gujarat, is engaged in supplying machine oil as well as petrol. Total turnover of machine oil is ₹ 20 lakh and of petrol is ₹ 15 lakh.
- (3) Tilu is working as an agent, he is supplying goods as an agent of Tiku (who is registered taxable person) and its aggregate turnover does not exceed ₹ 20 lakh during the financial year.

Answer

- (1) Section 24 of the CGST Act provides that persons making any inter-State taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover. However, an agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration.

Assuming that Meenu is engaged in cultivation and supply of potatoes, she is not liable to registration irrespective of the fact that she is engaged in making inter-State supply and her turnover exceeds the threshold limit.

Note: Any person engaged exclusively in the business of supplying exempted goods is not liable to registration. Since potatoes are exempted goods, Meenu is not liable to obtain registration irrespective of the fact that she is engaged in making inter-State supply and her turnover exceeds the threshold limit.

- (2) Section 24 of the CGST Act specifies the categories of persons who are required to be mandatorily registered under GST irrespective of the quantum of their aggregate turnover.

In the given case, Jinu Oils does not fall in any of the specified categories. Therefore, it is not required to obtain registration compulsorily under GST. However, as per section 22 of the CGST Act, 2017, if the aggregate turnover of the person exceeds Rs 20 lakhs in a financial year or exceeds Rs 10 lakhs for persons in a specified state, is liable for registration. Aggregate turnover includes exempted turnover of goods or services;

Accordingly, Jinu Oils is liable obtain registration on the basis of the turnover since its aggregate turnover [Rs. 35 lakh - including turnover of exempt supply of petrol] exceeds the threshold limit of Rs. 20 lakhs.

- (3) Section 24 of the CGST Act provides that persons who make taxable supply of goods and/or services on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Therefore, Tilu will be mandatorily required to obtain registration.

Question 39

There is a dairy farm selling milk and milk products in Delhi. The turnover of his dairy farm is as below:

Milk (Exempted): ₹ 19,90,000

Butter (Taxable): ₹ 50,000

What is the registration liability under GST for the above-mentioned person assuming he has same PAN?

Answer

Every supplier who is engaged in supplying goods and services becomes liable to registration if his aggregate turnover in a financial year exceeds Rs. 20 lakhs in a State/UT.

Further, aggregate turnover, inter alia, means the aggregate value of all taxable supplies as well as exempt supplies.

Thus, in the given case, aggregate turnover:

= Rs. 19,90,000 + Rs. 50,000

= Rs. 20,40,000

Since aggregate turnover of the dairy farm in Delhi exceeds Rs. 20 lakhs, it is liable to get registered.

Question 40

Amit, a taxable person, is operating in Tamil Nadu, Punjab and West Bengal, with the same PAN. Can he operate with a single registration in West Bengal?

Answer

Amit cannot operate with a single registration in West Bengal if he is making taxable supplies from Tamil Nadu and Punjab also. Every person who is liable to take a registration will have to get registered separately for each of the States where he has a business operation and is liable to pay GST.

However, if he is not making taxable supplies from Tamil Nadu and Punjab, he can operate with a single registration in West Bengal

Question 41

Can a person get himself voluntarily registered though he may not be liable to pay GST?

Answer

Yes, a person, though not liable to be registered under sections 22 or 24 of CGST Act, 2017 may get himself registered voluntarily. Once a person obtains voluntary registration, he has to pay tax even though his aggregate turnover does not exceed Rs. 20 Lakhs / Rs. 10 Lakhs.

Question 42

The aggregate turnover of Vikas Enterprise of Mumbai (Maharashtra) engaged in supply of goods and services has exceeded ₹ 20 lakhs on 25th January, 2018. It submits the application for registration on 15th February, 2018. Registration certificate is granted on 20th February, 2018. Determine the effective date of registration under CGST Act, 2017.

Answer

A supplier whose aggregate turnover in a financial year exceeds Rs. 20 lakhs in a State/UT [Rs.10 lakh in Special Category States] is liable to apply for registration within 30 days from the date of becoming liable to registration.

Where the application is submitted within said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

Since Vikas Enterprise applied for registration within 30 days of becoming liable to registration, the effective date of registration is 25th January, 2018.

Question 43

Subsequent to the grant of registration under the GST law, can the proper Officer conduct physical verification of the place of business?

Answer

Where the proper officer is satisfied that the physical verification of the place of business of a registered person is required after the grant of registration, he may get such verification done and the verification report along with the other documents, including photographs, shall be uploaded in **FORM GST REG-30** on the common portal within a period of fifteen working days following the date of such verification.

Question 44

State when a registration granted under the CGST Act, 2017 to a taxable person can be cancelled and what should be done by such person after cancellation of registration in the electronic cash ledger or electronic credit ledger?

Answer

Section 29(1) of the CGST Act, 2017 provides that the proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed

As per Section 29(5) of the CGST Act, every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the electronic cash/credit ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi- finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.

Question 45

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 01/07/2017 and ended on 31/03/2018:

Sl. No.	Particulars	₹
(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.

Answer

Computation of aggregate turnover for GST 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, from the place of Vishnu, directly by his principal. This will be treated as the supply of goods by the principal 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 Tamil Nadu 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 CGST registration purposes	21,20,000 1

Since the aggregate turnover exceeds Rs.20 lakhs, Vishnu has to get himself registered. He should be advised accordingly. Further, it is to be noted that 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

6. TIME OF SUPPLY

Question 1

Explain the significance of time of supply under GST law.

Answer

GST is payable on supply of goods or services. Time of supply indicates the point in time when the liability to pay tax arises. However, it is important to note that though the liability to pay tax arises at the time of supply, the same can be paid to the Government by the due date prescribed with reference to the said 'time of supply'. The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13.

Question 2

GST is payable on advance received for supply of goods and services taxable under forward charge. Do you agree with the statement? Support your Answer with legal provisions.

Answer

The statement is not correct. While GST is payable on advance received for supply of services taxable under forward charge, the same is not payable in case of advance received for supply of goods taxable under forward charge.

As per section 13, the time of supply of services taxable under forward charge is –

- Date of issue of invoice or date of receipt of payment, whichever is earlier, if the same is issued within 30 days from the date of supply of service; OR
- Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within 30 days from the date of supply of service.

Thus, in case of services, if the supplier receives any payment before the provision of service or before the issuance of invoice for such service, the time of supply gets fixed at that point in time and the liability to pay tax on such payment arises. However, the tax can be paid by the due date prescribed with reference to such time of supply.

As regards time of supply of goods taxable under forward charge is concerned, Notification No. 66/2017 CT dated 15.11.2017 provides that a registered person (excluding composition supplier) should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. Therefore, in case of goods, tax is not payable on receipt of advance payment.

Question 3

Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S. No.	Date of receipt of goods	Date of payment by the recipient of goods	Date of issue of invoice by the supplier of goods
(i)	July 1	August 10	June 29
(ii)	July 1	June 25	June 29
(iii)	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29
(iv)	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
(v)	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29
(vi)	August 1	August 10	June 29

Answer

S. No.	Date of receipt of goods	Date of payment by the recipient of goods	Date of issue of invoice by the supplier of goods	Date immediately following 30 days from the date of invoice	Time of supply of goods [Earlier of (1), (2) & (4)]
	(1)	(2)	(3)	(4)	(5)
(i)	July 1	August 10	June 29	July 30	July 1
(ii)	July 1	June 25	June 29	July 30	June 25
(iii)	July 1	Part payment made on June 30 and balance amount paid on July 20	July 29	July 30	June 30 for part payment made and July 1 for balance amount
(iv)	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	July 1	July 2	June 28 (i.e., when payment is entered in the books of account of the recipient)
(v)	July 1	Payment is entered in the books of account on June 30 and debited in	July 29	July 30	June 26 (i.e., when payment is debited

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		recipient's bank account on June 26			in the recipient's bank account)
(vi)	August 1	August 10	June 29	July 30	July 30 (i.e., 31st day from issuance of invoice)

Question 4

Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S. No.	Date of payment by the recipient for supply of services	Date of issue of invoice by the supplier of services
(i)	August 10	June 29
(ii)	August 10	June 1
(iii)	Part payment made on June 30 and balance amount paid on September 1	June 29
(iv)	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
(v)	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29

Answer

S. No.	Date of payment by the recipient for supply of services	Date of issue of invoice by the supplier of services	Date immediately following 60 days from invoice	Time of supply of goods [Earlier of (1) & (3)]
	(1)	(2)	(3)	
(I)	August 10	June 29	August 29	August 10
(II)	August 10	June 1	August 1	August 10
(III)	Part payment made on June 30 and balance amount paid on September 1	June 29	August 29	June 30 for part payment and August 29 for balance amount
(IV)	Payment is entered in the books of account on June 28 and debited in	June 1	August 1	June 28 (i.e. when payment is entered in the books of

	recipient's bank account on June 30			account of the recipient)
(V)	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	August 29	June 26 (i.e. when payment is debited in the recipient's bank account)

Question 5

Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, i.e. 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July.

What is the time of supply of the transporter's service?

Answer

Time of supply of service taxable under reverse charge is the earlier of the following two dates in terms of section 13(3):

- Date of payment
- 61st day from the date of issue of invoice

In this case, the date of payment precedes 61st day from the date of issue of invoice by the supplier of service. Hence, the date of payment, i.e. 17th June, will be treated as the time of supply of service [Section 13(3)(a)].

Question 6

Raju Pvt Ltd. receives the order and advance payment on 5th January for carrying out an architectural design job. It delivers the designs on 23rd April. 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?

Answer

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 5th January and the service was provided on 23rd April. Therefore, the date of payment, i.e. 5th January is the time of supply of the service in this case.

Question 7

Investigation shows that 150 cartons of ceramic capacitors were dispatched on 2nd August but no invoice was raised and the transaction (dispatch of cartons) were not entered in the accounts. There was no evidence of receipt of payment. What is the time of supply of 150 cartons for the purpose of payment of tax?

Answer

As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

In this case since the invoice has not been issued, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued.

The invoice for supply of goods must be issued on or before the dispatch of goods, i.e. on 2nd August. Therefore, the time of supply for the purpose of payment of tax for the goods will be 2nd August, the date when the invoice should have been issued.

Question 8

An order is placed on Ram & Co. on 18th August for supply of a consignment of customized shoes. Ram & Co. gets the consignment ready and informs the customer and issues the invoice on 2nd December. The customer collects the consignment from the premises of Ram & Co. on 7th December and electronically transfers the payment on the same date, which is entered in the accounts on the next day, 8th December. What is the time of supply of the shoes for the purpose of payment of tax?

Answer

As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed under section 31(1). Therefore, the time of supply for the purpose of payment of tax is the date of issue of invoice, which is 2nd December.

Question 9

Meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six 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 six months. What is the date of supply of the coupons?

Answer

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 their redemption in terms of section 12(4).

Question 10

A firm of advocates issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of negligence of the firm, the company's case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November. Identify the time of supply of the legal services.

Answer

Tax on services supply by a firm of advocates by way of legal services to any business entity is payable under reverse charge by such firm of advocates. Time of supply of services that are taxable under reverse charge is earliest of the following two dates in terms of section 13(3):

- Date of payment [3rd November]
- 61st day from the date of issue of invoice [19th April]

The date of payment comes subsequent to the 61st day from the issue of invoice by the supplier of service. Therefore, the 61st day from the date of supplier's invoice has to be taken as the time of supply. This fixes 19th April as the time of supply.

Question 11

Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December.

What is the method to fix the time of supply of the service?

Answer

The time of supply of services, if the invoice is not issued in time, is the date of payment or the date of provision of service, whichever is earlier [Section 13(2)(b)]. In this case, the service is provided on 5th September but not invoiced within the prescribed time limit. Therefore, 5th September, the date of provision of service, being earlier than the date of payment, will be the time of supply.

Question 12

XYZ & Co., a firm of Chartered Accountants, issued invoice for services rendered to Mr. A on 7th September. Determine the time of supply in the following independent cases:

1. The provision of service was completed on 1st August and payment was received on 28th September.
2. The provision of service was completed on 14th August and payment was received on 28th September.
3. Mr. A made the payment on 3rd August. However, provision of service was remaining to be completed at that time.
4. Mr. A made the payment on 15th September. However, provision of service was remaining to be completed at that time.

Answer

The time of supply of services is the date of issue of invoice if the same is issued within 30 days from the date of supply of service OR the date of receipt of payment, whichever is earlier [Section 13(2)(a)]. In case the invoice is not issued within 30 days from the date of supply of service, time of supply is the date of provision of service OR the date of receipt of payment, whichever is earlier [Section 13(2)(b)].

In accordance with the aforesaid provisions, the time of supply in the four independent cases will be:

1. 1st August since the invoice is not issued within 30 days of supply of service.
2. 7th September since the invoice is issued within 30 days of supply of service and the payment is received after the issuance of invoice.
3. 3rd August viz., earlier of date of issuance of invoice (7th September) or date of receipt of payment (3rd August)
4. 7th September viz., earlier of date of issuance of invoice (7th September) or date of receipt of payment (15th September)

Question 13

M/s Pranav Associates, a partnership firm, provided recovery agent services to Newtron Credits Ltd., a non-banking financial company and a registered supplier, on 15th January. Invoice for the same was issued on 7th February and the payment was made on 18th April by Newtron Credits Ltd. Bank account of the company was debited on 20th April. Determine the following:

- (i) Person liable to pay GST
- (ii) Time of supply of service

Answer

- (i) Tax on services supplied by a recovery agent to, inter alia, a non-banking financial company (NBFC) is payable under reverse charge by such non-banking financial company. Therefore, in the given case, person liable to pay GST is the NBFC - Newton Credits Ltd.
- (ii) As per section 13(3), the time of supply of service on which GST is payable under reverse charge is earlier of the following:-
 - Date of payment as entered in the books of account of the recipient (18th April) or the date on which the payment is debited in his bank account (20th April), whichever is earlier;
 - Date immediately following 60 days since issue of invoice by the supplier, i.e. 9th April.

Thus, time of supply of service is 9th April.

Question 14

Mr. X supplied goods for ₹ 50,000 to its customer Miss Diyana on 1st January on the condition that payment for the same will be made within a week. However, Miss Diyana made payment for the said goods on 2nd February and thus, paid interest amounting to ₹ 2,000.

What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

Answer

As per section 12(6), the time of supply with regard to an addition in value on account of interest, late fee or penalty or delayed payment of consideration is the date on which the supplier received such additional consideration.

Thus, time of supply in respect of interest would be the date on which the supplier has received such additional consideration, i.e. 2nd February.

Question 15

Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. It has furnished the following information:

- (i) Goods were supplied on 3rd October
- (ii) Invoice was issued on 5th October
- (iii) Payment received on 9th October

Determine the time of supply of goods for the purpose of payment of tax.

Answer

As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

Further, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient. Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 3rd October. However, since the invoice has not been issued within the prescribed time, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued i.e., 3rd October.

Question 16

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):

Date of Removal of Goods	Date of receipt of goods by buyer	Date of Issue of Invoice	Date on which payment is entered in the books of account	Date on which payment is credited in the Bank Account
04/01/2019	05/01/2019	04/01/2019	05/01/2019	06/01/2019
04/01/2019	03/01/2019	05/01/2019	03/01/2019	02/01/2019
04/01/2019	05/01/2019	04/01/2019	07/01/2019	08/01/2019

Answer

As per Section 12, Time of Supply for the supplier of the goods shall be the date of invoice or the last date on which invoice is required to be issued.

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

SI. No	Date of supply	Brief reason
1	4-1-2019	Date of issue of tax invoice
2	2-1-2019	Date of credit of payment in supplier's bank account (being the earliest)
3	4-1-2019	Date of issue of tax invoice

Question 17

R, a manufacturer of machines (having a turnover of more than ₹ 1.5 crore) received an advance of ₹ 1,20,000 along with the purchase order on 15.10.2017 for supply of machine X for ₹ 20,00,000 to be manufactured according to the specifications. Advance payment was entered in the books of account on 16.10.2017 and credited in his bank account 18.10.2017. The machine is manufactured and after approval has been delivered to the buyer on 25.10.2017 and the invoice was raised at the time of removal. The balance payment of ₹ 18,80,000 was received on 15.11.2017 which was recorded in the books of accounts of R on the same date and was credited in his bank on 17.11.2017. Determine the time of Supply.

Answer

The time of supply of machine u/s 12(2) shall be as per invoice basis and not on advances received in respect of supply of goods. Hence, it is 25.10.2017 being the date of issue of invoice.

Question 18

R issues an invoice of ₹ 64,100 for supply of goods 10.10.2017 and received ₹ 65,000 in his bank through RTGS on the same date which was credited in his books of account on 11.10.2017 on receipt of intimation from the bank. Determine the time of supply of goods and the time of supply of excess payment.

Answer**Particulars**

1) Time of supply of goods worth ₹ 64,100

It will be determined as under

(i) Date of issue of actual invoice	10.10.2017
(ii) Amount credited in his bank account	11.10.2017
(iii) Payment entered in the books of account	10.10.2017

whichever is earlier

Thus, time of supply of goods shall be 10.10.2017

2) Time of supply of excess payment of ₹ 900

R has received ₹ 900 in excess which cannot be taken as payment for invoice issued on 10.10.2017. Hence, in this case R will adjust the excess amount against the next supply. Consequently, the time of supply for ₹ 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 19

Mr. A, a registered person received goods from Mr. B, an unregistered dealer. Mr. B issues invoice on 1st July 2018. Find the time of supply of goods in following independent cases:

- (i) Mr. A received goods on 15th July 2018, payment of which is not made yet.
- (ii) Mr. A received goods on 3rd August 2018 & made payment for the same on 4th August 2018.
- (iii) Mr. A made payment on 8th July 2018 and received goods on the same date.
- (iv) Mr. A received goods on 10th July 2018 & made payment for the same on 9th July 2018.

Answer

- (i) Time of supply of goods = 15-07-2018
Earliest of the following:
Receipt of Goods = 15-07-2018
Date of Payment = not paid
Date immediately following 30 days from the date of invoice = 31-07-2018
- (ii) Time of supply of goods = 31-07-2018
Earliest of the following:
Receipt of Goods = 03-08-2018 Date of Payment = 04-08-2018
Date immediately following 30 days from the date of invoice = 31-07-2018
- (iii) Time of supply of goods = 08-07-2018
Earliest of the following:
Receipt of Goods = 08-07-2018
Date of Payment = 08-07-2018
Date immediately following 30 days from the date of invoice = 31-07-2018
- (iv) Time of supply of goods = 09-07-2018
Earliest of the following:
Receipt of Goods = 10-07-2018
Date of Payment = 09-07-2018
Date immediately following 30 days from the date of invoice = 31-07-2018

Question 20

C Ltd., a registered firm received services from a Raman & Co., an Advocate firm., an unregistered person. The firm issued invoice to C Ltd. on 1st July 2018. Determine the time of supply of services in the following independent cases:

- (i) C Ltd. made the payments to the firm on 15th August 2018.
- (ii) C Ltd. made the payments to the firm on 11th September 2018.

Note: C Ltd turnover in the preceding financial year was ₹ 2 crore

Answer

Time of supply of services that are taxable under reverse charge is earliest of the following two dates in terms of section 13(3)(a):

- Date of payment
- 61st day from the date of issue of invoice

- (i) Date of payment- 15th August 2018.

Date immediately following 60 days from the date of invoice- 31st August 2018

Thus, as per the above provisions time of supply will be earlier of the two i.e. 15th August 2018

- (ii) Date of payment- 11th September 2018.

Date immediately following 60 days from the date of invoice- 31st August 2018. Thus, as per the above provisions time of supply will be earlier of the two i.e. 31st August 2018

Question 21

X Ltd. & Y Ltd. (London) is associated enterprises. X Ltd., a registered firm received the services of Y Ltd., an unregistered firm. Determine the time of supply in following cases:

- (i) X Ltd. recorded the liability in the books on 15th July 2018 and payment will be made in the next month.
- (ii) X Ltd. made advance payment to Y Ltd. on 10th July 2018 and recorded liability in the books on 15th Aug 2018.

Answer

In case of service transaction from associated enterprises (overseas transaction), Time of Supply is earlier of following two:

- (a) Date on which transaction is recorded in books of accounts of the recipient;
- (b) Date of payment

Accordingly, Time of Supply in given transactions shall be

- (i) Time of supply =15-07-2018

Note: as the date of entry in the books is prior to the date of payment.

- (ii) Time of supply = 10-07-2018

Note: as the payment is made earlier to the date of entry in the books.

Question 22

Reliable Industries a readymade garment manufacturer issued the voucher on 10-07-2018 to their prospective customer for enabling them to buy readymade garments manufactured by them from their shop. Customer purchased readymade garments on 20th Aug 2018. Find the time of supply of goods?

Answer

As per section 12(4) of CGST Act, in case of supply of vouchers by a supplier, the time of supply shall be:

- (a) the date of issue of voucher, if the supply is identifiable at that point; or
- (b) the date of redemption of voucher, in all other cases. Time of supply of goods = 10-07-2018

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

Question 23

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 10-07-2018 to their prospective customer for enabling them to buy any product from their shop. Customer purchased readymade garments on 20th Aug 2018. Find the time of supply of goods?

Answer

As per section 12(4) of CGST Act, in case of supply of vouchers by a supplier, the time of supply shall be:

- (a) date of issue of voucher, if the supply is identifiable at that point; or
- (b) date of redemption of voucher, in all other cases. Time of supply of goods = 20-08-20XX

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 24

Mr. X being a supplier receives consideration in the month of September 2018, instead of due date of July 2018, and for such delay he is eligible to receive an interest amount of ₹ 1000 and the said amount is received on 15.12.2018. Find the time of supply for the interest portion and due date of payment.

Answer

The time of supply = 15.12.18, i.e. the date on which it is received by the supplier and due date of tax liability = 20.01.18.

Question 25

Mr. P supplied goods for the value of ₹ 10,000 to its customer Miss Prem on 01.01.2019 on the condition that payment for the same will be made within a week. However, Miss Prem made payment for the said goods on 02.02.2019 and thus paid interest amounting to ₹ 500. What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

Answer

As per section 12(6) of CGST Act, 2017, the time of supply with regard to an addition in value on account of interest, late fee or penalty for delayed payment of consideration (IPL) shall be the date on which the supplier receives such value addition of supply.

Thus, time of supply in respect of interest would be the date on which the supplier has received such additional consideration, i.e. 02.02.20XX. Further, Mr. P is required to make GST payment on or before 20th of March, 20XX

Question 26

Mehra Sons, a registered supplier, is a wholesale supplier of ready-made garments located in Bandra, Mumbai. On 5th September, 2018, Subhadra, owner of Aura Boutique located in Dadar, Mumbai, approached Mehra Sons for supply of a consignment of customised dresses for ladies and kids.

Mehra Sons gets the consignment ready by 2nd December, 2018 and informs Subhadra about the same. The invoice for the consignment was issued the next day, 3rd December, 2018. Due to some reasons, Subhadra could not collect the consignment immediately. So, she collects the consignment from the premises of Mehra Sons on 18th December, 2018 and hands over the cheque for payment on the same date. The said payment is entered in the accounts on 20th December, 2018 and amount is credited in the bank account on 21st December, 2018. You are required to determine the time of supply of the readymade garments supplied by Mehra Sons to Subhadra elaborating the relevant provisions under the GST law

Answer

Given transaction is a supply transaction involving movement of goods. Sec 31 requires supplier of goods to issue invoice upto the time of removal of goods which includes even collection of goods by the recipient. In the given case, date of removal (collection by buyer) is 18 Dec while invoicing has been done on 3 Dec.

Thus, given case is one where the supplier has issued invoice upto time of removal of goods. For purposes of determination of Time of Supply, the date of payment is considered to be earlier of the date of receipt of payment in bank account (21 Dec) or date of entry in books of accounts (20 Dec). Thus, in instance case, the date of receipt of payment is 20th Dec.

As per Sec 12 read with Sec 148, Time of Supply for the supplier of the goods shall be the date of invoice (3rd Dec) or the last date on which invoice is required to be issued (18th Dec). Thus, Time of Supply for the given supply transaction shall be 3rd Dec.

Question 27

MS. ANTIRA, a registered person, supplied certain goods to Mr. G also a registered person. The tax in respect of the said goods is liable to be paid on Reverse Charges basis. Other details of the transaction are as under:

Date of receipt of goods by Mr. G	26.11.2017
Date on which the payment is made and entered in the books of accounts by Mr. G	22.12.2017
Date when the payment is debited in bank account of Mr. G	24.12.2017
Date of issue of invoice by Ms. Antira, the supplier	20.11.2017
Date immediately following 30 days from the date of issue of invoice by the supplier	21.12.2017

You are required to determine the time of supply of goods under reverse charge basis.

Answer

The time of supply will be the earliest of the following dates:

- date of receipt of goods; or
- date on which payment is made; or
- the date immediately following 30 days from the date of issue of invoice by the supplier (i.e., 31st Day)

Time of supply of Goods in the given case, shall be earlier of the following dates

- Date of the recipient of goods by Mr. G = 26.11.2017
- Date on which the payment is made and entered in the books of Account by Mr. G = 22.12.2017
- Date when the payment is debited in the bank account of Mr. G = 24.12.2017
- Date immediately following 30 days from the date of issue of invoice by the Supplier = 21.12.2017

Question 28

On 4th September, 2018, V.R. Mehman a famous music composer, received ₹ 3 crore of consideration from Zilmil Music Co. Ltd. for sale of copyright of his original music album. He finished his work & made available the CD to the music company on 20th July, 2018 & raised the invoice on 24th July, 2018. What will be the time of supply as per CGST Act, 2017? *Note: Above service is taxable under reverse charge basis.*

Answer

The time of supply will be the earlier of the following dates:

- date on which payment is made; or
- the date immediately following 60 days from the date of issue of invoice by the supplier (i.e., 61st Day) Date of payment = 4th September, 2018

Date immediately following 60 days from the date of issue of invoice by the Supplier = 24th September, 2018.

Thus, the time of supply in the view of above provisions will be 4th September, 2018 as payment was made within the date immediately following sixty days from the date of issue of invoice by the supplier.

Question 29

Mahak Sons is a registered supplier of electronic items and pays GST under regular scheme. On 15th July 20XX, Mahak Sons received an order from Sunder Trader for supply of a consignment of electronic items. Mahak Sons gets the consignment ready by 20th July 20XX. The invoice for the consignment was issued the next day, 21st July 20XX. Sunder Trader could not collect the consignment immediately. Sunder Trader collects the consignment from the premises of Mahak Sons on 30th July 20XX and hands over the cheque towards payment on the same date. The said payment is entered in the books of accounts of Mahak Sons on 31st July, 20XX and amount is credited in their bank account on 1st August 20XX. You are required to determine the time of supply of the electronic items for the purpose of payment of tax.

Answer

As per section 12(2) of the CGST Act, 2017, the time of supply in respect of goods shall be the earlier of the following two dates: -

- a) Date of issue of invoice/last date on which the invoice is required to be issued as per section 31 of the CGST Act, 2017
- b) Date of receipt of payment

Further, as per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. As per section 31(1), the invoice needs to be issued either before or at the time of removal (where supply involves movements of goods) of goods/delivery of goods/ making goods available to the recipient.

In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed under section 31(1). Therefore, time of supply for the purpose of payment of tax is the date of issue of invoice, which is 21st July, 20XX.

Question 30

Mr. XYZ & Co., a firm of Chartered Accountants, issued invoice for services rendered to Mr. A on 7th September, 2017. Determine the time of supply in the following independent cases:

- (1) The provision of service was completed on 1st August, 2017.
- (2) The provision of service was completed on 14th August, 2017.
- (3) Mr. A made the payment on 3rd August, 2017 where provision of service was remaining to be completed.
- (4) Mr. A made the payment on 15th September, 2017 where provision of service was remaining to be completed.

Answer

Time of supply will be:

- A. If the invoice is issued within 30 days of supply of service - date of invoice OR date of receipt of payment, whichever is earlier;
- B. If the invoice is not issued within 30 days of supply of service - date of provision of service OR date of receipt of payment, whichever is earlier.

In accordance with aforesaid provisions, time of supply is:

- 1) 01.08.2017 since the invoice is not issued within 30 days of supply of service.
- 2) 07.09.2017 since the invoice is issued within 30 days of supply of service.
- 3) 03.08.2017 viz. earlier of 07.09.2017 or 03.08.2017
- 4) 07.09.2017 viz. earlier of 07.09.2017 or 15.09.2017