CA/CMA/CS: FINAL

SUPER 30 : QUESTIONS

FOR: MAY/SEP: 2025 EXAMS

BY CA RAJKUMAR

Super Question 1–

Data Limited commenced business of trading of goods in the State of Assam on 1^{st} April, 2023. Aggregate turnover of the company crossed ` 20 lakh on $31^{st}$ May, 2023 and ` 40 lakh on 15^{th} July, 2023. The company made the application for registration under GST law on 25^{th} July, 2023 and the registration certificate was granted on 30th July, 2023. The company has opted to file return on monthly basis under regular scheme. The company was exclusively engaged in supply of taxable goods only.

The company had following input tax credit lying in the books related to input and input service on different dates:

Particulars	**Amount in (`)**			
	30th May, 2023	**14th July, 2023**	**24th July, 2023**	**29th July, 2023**
Input held in stock	10,000	15,000	20,000	40,000
Input services	4,000	6,000	12,000	14,000

During the month of January 2024, the company has installed solar panel at the office premises. Details regarding the installation of solar panel were as follow:

Particulars	**Amount**
List Price of the solar panel	` 5,50,000
Additional information not adjusted or given effect in the list price	
(a) Trade discount recorded in invoice @ 3% on list price. (b) Local taxes paid ` 15,000. (c) Cost of packing, outward freight, loading-unloading and installation charges ` 12,000 as a condition of sale. (d) State Government subsidy directly linked to the price ` 70,000.	

Apart from the above, Data Limited received ` 2,00,000 as advance payment on $2^{nd}$ January, 2024 from Mr. Prem, a customer, with respect to the taxable supply of goods of ` 10,00,000. The company removed the goods on 9^{th} January, 2024 and issued the invoice on 10th January, 2024. Goods were received by Mr. Prem on 11^{th} January, 2024 and Mr. Prem had made the balance payment of ` 8,00,000 on 20th January, 2024 through NEFT.

In addition to the above, due to oversight, the company failed to disclose a self- assessed outward supply of ` 2,00,000 while filing the GSTR-3B for the month of August, 2023. Balance of input tax credit for the month of August, 2023 in the electronic credit ledger was of ` 10,000/- each under CGST and SGST which remains till date of deposit of tax. Company filed the return for the month of August, 2023 on the due date of return on 20^{th} September, 2023. The company disclosed this supply in the return (GSTR 3B) for the month of January, 2024 and paid the net tax (after set off of ITC of ` 10,000 each CGST and SGST) with interest in the GSTR 3B filed on 18^{th} February, 2024.

The proper officer issued show cause notice on 25th February, 2024 demanding the penalty for late deposit of tax on escaped supply relating the month of August, 2023.

Note: All amounts given above are exclusive of taxes, wherever applicable. All supplies are intra-State and chargeable to GST @ 9% each under CGST and SGST.

From the information given above, choose the most appropriate answer for the following Q Nos. 1 to 6 with reference to GST law: **[Nov 24- 2 Marks each]**

1. Amount of opening input tax credit available for availment and utilization on registration:

   A. ` 15,000

   B. ` 21,000

   C. ` 54,000

   D. ` 40,000

1. In relation to the transaction with Mr. Prem, time of supply of goods for purpose of payment of tax will be:

   A. For ` 2,00,000 - 02.01.2024 and for ` 8,00,000-09.01.2024

   B. 09.01.2024 for both ` 2,00,000 and ` 8,00,000

   C. 10.01.2024 for ` 2,00,000 and ` 8,00,000

   D. For ` 2,00,000 - 02.01.2024 and for ` 8,00,000-10.01.2024

2. Amount of total penalty which could be leviable under section 73 of the CGST Act, 2017 with respect to the payment of tax on delayed disclosure of outward supply (total for both CGST and SGST)

   A. ` 20,000

   B. ` 3,600

   C. ` 10,000

   D. Nil

3. What is the effective date of registration of the company?

   A. 15th July, 2023

   B. 25th July, 2023

   C. 31st May, 2023

   D. 30th July, 2023

4. What is value of inward supply of Solar Panel under section 15 the CGST Act, 2017?

   A. ` 5,45,500

   B. ` 5,60,500

   C. ` 4,90,500

   D. ` 4,75,500

5. Amount of total interest (CGST+SGST) to be paid (nearest to rupees one) under section 50 of the CGST Act, 2017 with respect to delayed disclosure of outward supply :

(Assume 365 days in the year)

A. ` 1,192 (` 596 each under CGST and SGST)

B. ` 1,184 (` 592 each under CGST and SGST)

C. ` 2,680 (` 1,340 each under CGST and SGST)

D. ` 2,664 (` 1,332 each under CGST and SGST)

Answer-

A- ` 15,000

B- 09.01.2024 for both ` 2,00,000 and ` 8,00,000

A- ` 20,000

A- 15th July, 2023

B- ` 5,60,500

C- ` 2,680 (` 1,340 each under CGST and SGST)

Super Question 2–

Pukhraj Gupta is a registered supplier of goods and services under GST in the State of Karnataka. He provided the following details of outward transactions belong to the financial year 2023-2024:

Particulars	**Amount (`)**
Taxable supply	1,40,00,000
Exempted Supply	3,50,000
Interest received on Unsecured loan (not included in above)	2,00,000
Transfer goods to the residence of his brother, a well- known professional.	Free of cost but the open market value is ` 40,000

During the month of April, 2024, Pukhraj Gupta provided the following outward supplies:

Particulars	**Amount (`)**
Taxable supply of goods	4,00,000
Insurance agent service to Samta Insurance Company registered under GST	30,000
Interest received for late payment from various customers	10,000
Recovery agent service to Vipul Limited, a trader of goods	40,000
Security and housekeeping service provided to Bachpan School (upto higher secondary), an unregistered person under GST, at its Annual Day function held at Vallabh Convention centre	50,000

being outside the school campus.	
Renting of motor vehicle designed to carry passenger provided to M Sea Limited wherein cost of fuel in included (applicable rate of tax CGST @ 2.50% and SGST 2.50%)	80,000
Received with reference to a contract of ` 5,00,000 for taxable supplies awarded by a public sector undertaking (PSU) registered u/s 51 of the CGST Act, 2017 in the State of Tamil Nadu, taxable supplies was made in the State of Karnataka as per instruction of the PSU.	1,50,000

Further, on 20th April, 2024, he hired Perfect Wedding Planner of Japan to plan and organize his son's wedding under a composite contract of all events of marriage.

Pre-wedding program was organized at Mumbai while the marriage and reception held at Paris (France).

In addition to the above, proper officer has issued an order under the CGST Act, 2017 dated 10th April, 2024 and raised a demand of ` 33 lakh (Tax - ` 20 lakh, Interest - ` 3 lakh and penalty ` 10 lakh) in respect of an intra-State transaction. The above amounts are related to the CGST only.

Pukhraj Gupta admitted the tax demand of ` 5 lakh and interest demand of ` 2 lakh and disputed the remaining tax and interest demand and entire penalty demanded.

Pukhraj Gupta wants to file an appeal before the Appellant Authority. All amounts given above are exclusive of taxes, wherever applicable.

From the information given above, choose the most appropriate answer for the following Q. Nos. 1 to 6 with reference to GST law: **[Nov 24- 2 Marks each]**

1. What is the taxable value of supply for the month of April, 2024 in the hands of Pukhraj Gupta?

   a. ` 6,50,000

   b. ` 6,10,000

   c. ` 6 00,000

   d. ` 5,60,000

2. Amount of TDS require to be deducted under section 51 by the PSU:

   a. CGST ` 750 and SGST ` 750

   b. IGST ` 3,000

   c. CGST ` 1,500 and SGST ` 1,500

   d. No TDS required to be deducted under section 51 of the CGST Act, 2017.

3. What is the maximum amount of pre-deposit (of CGST only) to be made for filing the appeal before the Appellant Authority under the GST law?

   a. ` 8.50 lakh

   b. ` 10 lakh

   c. ` 9.60 lakh

   d. ` 12.20 lakh

4. What is the aggregate turnover of the financial year 2023-2024 under section 2(6) of the CGST ACT 2017?

   a. ` 1,45,90,000

   b. ` 1,45,50,000

c. ` 1,43,50,000.

d. ` 1,43,90,000

5. What is the place of supply in respect of transaction with Perfect Wedding organization Planner?

   a. Mumbai for both the event

   b. Karnataka for both the event

   c. For Pre-wedding- Mumbai and for marriage and reception- Paris

   d. Japan for both the event

6. Which of following outward supplies provided by Mr. Pukhraj Gupta are NOT subject to payment of tax under reverse charge mechanism (RCM)?

   (i) Insurance agent service

   (ii) Recovery agent service

   (iii) Security and housekeeping service

   (iv) Renting of motor vehicle

Choose the most appropriate answer.

A. Only (ii), (iii) and (iv)

B. Only (ii) and (iii)

C. Only (ii) and (iv)

D. Only (iii)

Answer-

A- ` 6,50,000

B- IGST ` 3,000

A- ` 8.50 lakh

B- ` 1,45,50,000

A- Mumbai for both the event

B- Only (ii) and (iii)

Super Question 3–

Dhairya Limited, India, a registered supplier under GST in the State of Kerala, is engaged in supplying goods and services. Dhairya Inc., San Francisco, USA, is a subsidiary of Dhairya Limited, India and is engaged in supply of information technology services to customers in USA. Dhairya Limited, India has undertaken following transactions during the month of April:

Particulars	Amount (`)

Supplied large paper rolls to Ford Mount School, Bengaluru (Karnataka), for printing of question papers. As directed by the school, Dhairya Limited delivered the paper rolls at a printing press located in Trivandrum, Kerala.	15,00,000
Bond amount recovered from the outgoing Managing Director (residing in Kerala) of Dhairya Limited since he had left the employment before contracted period.	2,50,000
Supplied steel sheets in the territorial waters* to Dhruvank Builders. *Located at a distance of 12 nautical miles from the baseline of Kerala and 15 nautical miles from the baseline of Tamil Nadu.	6,00,000
Received an advance for future supplies of goods from a customer based in Kerala	2,10,000
Received an advance for future supplies of services from a customer based in Kerala	4,90,000
Computer (used for business purpose & on which no ITC has been taken yet) given free of cost to unrelated person based in Kerala [Purchased 2 years' back at a price of ` 1,12,100 (including GST). Open market value is ` 75,000.]	Nil

Dhairya Limited provided the following additional information for the month of April:

(i) The company paid the sitting fee of ` 6,00,000 to an independent director, based at Cochin, Kerala, for attending meetings.

(ii) Room charges of ` 2,25,000 were paid to Hillwoods Hotel located in Mumbai, Maharashtra for stay of the CEO of the company on a business trip.

(iii) The company availed the services of an Arbitral Tribunal in Cochin, Kerala to settle a business dispute and paid ` 7,00,000.

(iv) Salary of ` 15,00,000 was paid to employees on payroll.

(v) The company purchased a new machinery from a dealer based in Cochin, Kerala for ` 12,00,000. Depreciation has been claimed under the Income-tax Act, 1961 on the same including on all applicable taxes.

In the month of May, Dhairya Limited sent a team of 25 employees to San Francisco for receiving the training in emerging information technologies. The training was given by Dhairya Inc., USA, at its office located in San Francisco. The expenses related to such training were paid by Dhairya Limited to Dhairya Inc., USA.

Further, Dhoom Events Ltd., an event management company, located and registered at Karnataka, had organized a cultural event in the month of May for Dhairya Limited, in Dubai. Dhariya Limited paid a sum of ` 10,00,000 to Dhoom Events Ltd. for the same.

Notes –

A. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, wherever applicable.

B. All the amounts given above are exclusive of taxes, wherever applicable.

C. The opening balance of input tax credit for the relevant tax periods of Dhairya Limited, India is Nil.

D. Assume that there is no other outward or inward transaction apart from aforesaid transactions, in the months of April and May.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below: - [RTP May 24]

1. Which of the following activities/transactions undertaken by Dhairya Limited do not amount to supply?

(i) Supply of steel sheets in territorial waters

(ii) Computer being used for business purpose given free of cost to unrelated person

(iii) Supply of paper rolls for printing of question papers to Ford Mount Senior Secondary School

(iv) Recovery of bond amount from the outgoing Managing Director

Choose the most appropriate option.

A- (ii) and (iv)

B- (ii), (iii) and (iv)

C- (i), (iii) and (iv)

D- (i), (ii) and (iii)

2. Which of the inward supplies received by Dhairya Limited in the month of April are taxable under reverse charge?

(i) Services received from the independent director

(ii) Accommodation services received from Hillwoods Hotel, Mumbai

(iii) Services of the Arbitral Tribunal

(iv) New machinery purchased from the dealer based in Cochin

(v) Salary paid to employees on payroll

Choose the most appropriate option.

A- (ii) and (v)

B- (ii), (iii) and (iv)

C- (i), (iii) and (v)

D- (i) and (iii)

3. Compute the total GST payable on outward supplies before setting off of ITC for the month of April by Dhairya Limited.

A- CGST - ` 1,03,050, SGST - ` 1,03,050 and IGST - ` 2,70,000

B- CGST - ` 98,100, SGST - ` 98,100 and IGST - ` 2,70,000

C- CGST - ` 1,35,000, SGST - ` 1,35,000

D- CGST - ` 98,100, SGST - ` 98,100

4. Compute the total ITC admissible to Dhairya Limited for the month of April.

A- CGST - ` 63,000, SGST - ` 63,000 and IGST - ` 40,500

B- CGST - ` 1,17,000, SGST - ` 1,17,000 and IGST - Nil

C- IGST - ` 2,74,500

D- CGST - ` 2,25,000, SGST - ` 2,25,000 and IGST - ` 40,500

5. Whether GST is applicable on the event organized by Dhoom Events Ltd., Karnataka for Dhairya Limited in Dubai and what is the place of supply in such case?

A- GST is applicable and the place of supply is Karnataka.

B- GST is applicable and the place of supply is Kerala.

C- GST is not applicable and the place of supply is Dubai.

D- GST is applicable and the place of supply is Dubai.

6. How shall the amount paid towards the training expenses of employees of Dhairya Limited be treated under the GST law?

A- No GST is applicable on the transaction since training was imparted in San Francisco, i.e., a place outside India.

B- GST is applicable on the training expenses and is payable as IGST by Dhairya Limited since the place of supply for training services in case of registered person is location of such registered person.

C- Dhairya Inc., USA, is required to obtain registration as casual taxable person in India and discharge the GST liability on training expenses in India.

D- Dhairya Inc., USA, is required to obtain registration as - online information and database access or retrieval service provider in India and discharge the tax liability on training service.

Answer-

A- (ii) and (iv)

D- (i) and (iii)

B- CGST - ` 98,100, SGST - ` 98,100 and IGST - ` 2,70,000

B- CGST - ` 1,17,000, SGST - ` 1,17,000 and IGST - Nil

B- GST is applicable and the place of supply is Kerala.

A- No GST is applicable on the transaction since training was imparted in San Francisco, i.e. place outside India.

Super Question 4–

Alpha Cargo Private Limited, a company registered under GST in the State of Rajasthan, is engaged in supplying services of transportation of goods. In addition to its head office registered in Rajasthan, the company has also obtained registration in other States where it is operating as supplier of goods transportation services. During the month of January, following transactions were undertaken:

1. Revenue from service of transportation of goods provided to registered persons is ` 70,00,000.
2. Revenue from supply of goods transportation services provided to Dhoop Garments, registered in Rajasthan, for transport of goods to Japan is ` 18,10,000.
3. The company paid rent to the local municipal authorities of respective States for its offices located in different States as mentioned below:
    - Rajasthan – ` 50,000

- Maharashtra – ` 75,000
- Delhi – ` 25,000
- Gujarat – ` 40,000

The invoice was issued by the local municipal authority in these States to the offices of the company located in respective States.

4. There are 5 independent directors in the company (all based in Rajasthan) and the sitting fees paid to each such director during the month is ` 25,000 from the head office of the company.

   Out of these directors, Mr. X, a chartered accountant and an independent director of the company, is also a partner in ABC LLP, a chartered accountant firm in Delhi. ABC LLP provided professional services to the company during the month. The LLP has issued an invoice for ` 1,50,000 on the head office in the month of January.

   Another independent director, Mr. Z, on account of his long-term relationship with Alpha Cargo Private Limited, has provided personal guarantee of ` 1 crore to Dhandhan Bank for loan taken by the company during the month of January. He has not charged any commission or brokerage for the same.

5. The company obtained services of Mr. Y (based in Rajasthan), who is providing agency services for payment of annual road tax payable to the Government for the vehicles owned and operated by the company. Mr. Y issued an invoice amounting to ` 10,00,000 on the head office. Such amount includes ` 9,50,000 as amount of road tax paid on actual basis and is indicated separately in the invoice and ` 50,000 as fee of Mr. Y for said services.

6. The company also paid an amount of ` 5,00,000 for an event related to goods transport industry in the State of Rajasthan as sponsorship amount.

7. The company, registered as Goods Transport Agency, has opted for payment of GST on goods transportation services on forward charge basis.

In the month of February, Rajasthan office of the company has following balances available in its electronic cash ledger:

Description	IGST (`)	CGST (`)	SGST (`)	Total (`)
Tax	25,000	20,000	20,000	65,000
Interest	2,000	3,000	3,000	8,000

All the amounts given in the scenario are exclusive of GST, unless otherwise provided. The opening balance of input tax credit of Alpha Cargo Private Limited for the relevant tax periods is nil. GST is payable (wherever applicable) on all inward and outward transactions in the aforesaid case scenario at the following rates, unless otherwise specified:

i- Intra-State supply – 9% CGST and 9% SGST

ii- Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below: - [RTP May 24]

1. Total amount of GST payable (before setting off of ITC) by the company including GST payable under reverse charge for the month of January, for all its locations, is:

(a) ` 16,20,000

(b) ` 12,60,000

(c) ` 13,72,000

(d) ` 17,32,500

2. In February, after paying all its dues for the month, Rajasthan office wants to transfer certain amounts using Form GST PMT-09 from its electronic cash ledger to the electronic cash ledger of Orissa office. It wants to transfer:

(i) from tax (minor head) under IGST (major head) amounting to:

(a) ` 12,000 to tax under CGST head and

(b) ` 12,000 to tax under SGST head, of Orissa office,

and

(ii) from interest (minor head) under the major head of:

(a) CGST of ` 3,000 to interest under IGST head, and

(b) SGST of ` 3,000 to interest under IGST head,

of Orissa office.

Balance under all the heads in electronic cash ledger of Orissa office is nil at that time. The balance of tax under IGST, CGST and SGST heads of the electronic cash ledger of Orissa office and that of interest under IGST, CGST and SGST heads of the electronic cash ledger of Rajasthan office will be:

(a) Tax: Nil; `12,000; Nil and Interest: ` 2,000; Nil; ` 3,000

(b) Tax: Nil; `12,000; `12,000 and Interest: `2,000; Nil; Nil

(c) Tax: Nil; Nil; `12,000 and Interest: `2,000; Nil; Nil

(d) Tax: `24,000; Nil; Nil and Interest: `2,000; Nil; `3,000

3. The total amount payable to Mr. Y including GST as applicable is ___________.

(a) ` 10,00,000

(b) ` 11,80,000

(c) ` 11,71,000

(d) ` 10,09,000

4. Total input tax credit available to the company at PAN India level is:

(a) ` 1,82,700 as IGST

(b) ` 3,53,700 as IGST

(c) ` 77,850 as CGST, ` 77,850 as SGST and ` 27,000 as IGST

(d) ` 91,350 as CGST and ` 91,350 as SGST

5. The value of supply of the service of providing personal guarantee by Mr. Z to Dhandhan Bank for sanctioning of credit facilities to the company is:

(a) Nil since it is not a supply under GST.

(b) Nil. Services provided by a director to a company is deemed as supply, even without consideration, under Schedule I of the CGST Act, 2017. However, since as per RBI Guidelines, no consideration can be paid to the director by the company for providing guarantee, Open Market Value (OMV) of said supply will be zero.

(c) 1% of the amount of the guarantee provided, i.e. ` 1 lakh.

(d) 10% of the amount of the guarantee provided, i.e. ` 10 lakh.

Answer-

D- ` 17,32,500

A- Tax: Nil; `12,000; Nil and Interest: `2,000; Nil; `3,000

D- ` 10,09,000

C- ` 77,850 as CGST, ` 77,850 as SGST and ` 27,000 as IGST

B- nil. Services provided by a director to a company is deemed supply, even without consideration, under Schedule I of the CGST Act, 2017. However, since as per RBI Guidelines, no consideration can be paid to the director by the company for providing guarantee, Open Market Value (OMV) of said supply will be zero.

Super Question 5–

Shreyans Ltd. (hereinafter referred as "company") is a conglomerate having diversified businesses including hotels, FMCG (Fast-Moving Consumer Goods), information technology etc. It has its corporate office in Delhi and operations across multiple States in India. As an internal policy, the company has obtained single GST registration in each State irrespective of the diversified business operations being undertaken in the State. During the month of April, the company undertook the following transactions:

(a) The FMCG division of the company in Jaipur, Rajasthan agreed to use the vacant godown within the premises of Hotel Division in Udaipur, Rajasthan for storage of its goods. The value of such an arrangement was agreed at ` 5 lakh per month. Said amount was agreed to be adjusted by way of intra-division book adjustment on a monthly basis.

(b) The Hotel Division of the company in Maharashtra used the IT platform owned and managed by the IT Division of the company in Delhi. The value of such services was determined as ` 12 lakh per month. The IT division treated the same as deemed supply liable to GST as per Schedule I of the CGST Act, 2017 and charged GST on such deemed supply in the invoice issued to Hotel Division on 25th April. The Hotel Division availed the input tax credit of such deemed supplies from its Maharashtra Office in April itself. However, no payment was made for such services by the Hotel Division to the IT Division.

(c) The Executive Director, as part of his salary and perquisites under the employment agreement, was eligible for a voucher worth ` 5 lakh, redeemable at any hotel property of the company in India. The voucher was used by the Executive Director for the stay of his family in a company owned hotel in Udaipur, Rajasthan. The total amount charged from the Executive Director was ` 25 lakh. The voucher value of ` 5 lakh was deducted from such amount at the time of payment.

(d) The Hotel Division provided accommodation services to a US citizen and resident for a wedding ceremony organized at its hotel in Udaipur, Rajasthan. The total amount of ` 2 crores for such services was paid by an Indian individual residing in Delhi on behalf of the US resident in Indian currency. The amount was received by the Mumbai, Maharashtra Office of Hotel Division.

(e) The company received long term lease of an industrial plot from Maharashtra Industrial Development Corporation (MIDC) in auction against payment of an upfront amount as lease premium of ` 20 crores for a period of 50 years. The company paid location charges of ` 5 crores in addition to the said premium.

The rate of GST in case of intra-State supplies, unless otherwise provided shall be 9% CGST and 9% SGST) and for inter-State supplies shall be 18% IGST. All the divisions of the Company are eligible for 100% input tax credit unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:- **[RTP Nov 24]**

1. Which of the following statements is correct in respect of the services related to usage of vacant godown?

(a) The Hotel Division shall charge CGST and SGST amounting to ` 45,000 each in the tax invoice issued to FMCG Division.

(b) No GST is chargeable on usage of vacant godown of Hotel Division.

(c) The Hotel Division shall charge IGST amounting to ` 90,000 in the tax invoice issued to FMCG Division.

(d) The Hotel Division, Rajasthan shall charge IGST amounting to ` 90,000 in the tax invoice issued to Corporate Office in Delhi.

2. Assuming that the payment for utilization of IT platform has not been made by the Hotel Division to the IT Division till the end of October month of the current financial year, the Hotel Division:

(a) should reverse the input tax credit so availed while filing Form GSTR-3B of the October month.

(b) need not reverse the input tax credit so availed in Form GSTR-3B of the October month.

(c) should have availed the input tax credit only after the end of the current financial year and not in April.

(d) should not have availed the input tax credit in respect of said transaction as the same is deemed supply under Schedule I of the CGST Act, 2017.

3. In relation to the stay of Executive Director's family in the company owned hotel in Udaipur, Rajasthan, value of supply of accommodation services provided by the Hotel Division is:

(a) ` 25 lakh

(b) ` 20 lakh

(c) Supply of services by employer to employee is not a taxable supply under GST.

(d) ` 5 lakh

4. For the accommodation services provided to the US resident and citizen, the place of supply shall be:

(a) Udaipur

(b) Delhi

(c) Mumbai

(d) USA

5. In respect of the long-term lease of the industrial plot received from Maharashtra Industrial Development Corporation (MIDC),

(a) upfront lease premium of ` 20 crores is exempt. However, the location charges of ` 5 crore are liable to GST.

(b) GST is payable on the upfront lease premium of ` 20 crores. No GST is payable on the location charges.

(c) GST is exempt on the entire premium of ` 25 crores including location charges.

(d) GST is payable on the entire upfront premium of ` 25 crores including location charges.

Answer-

(b) No GST is chargeable on usage of vacant godown of Hotel Division

(b) need not reverse the input tax credit so availed in GSTR-3B of the October month.

(a) ` 25 lakh

(a) Udaipur

(c) GST is exempt on the entire premium of ` 25 crores including location charges.

Super Question 6–

Vlook Smart Ltd. (hereinafter referred as "company") is a leading retail chain of India. It has retail stores in multiple States with its corporate office located in Mumbai, Maharashtra. The company has GST registrations across all States from where it operates its retail stores. The company undertook following transactions during the month of April:

(a) Supplied goods worth ` 100 crores through its retail store in Jaipur, Rajasthan and offered a cash discount of ` 2 crores to the customers in the State of Rajasthan during the month.

(b) Ghanshyam Das, a retailer in Gujarat, purchased goods worth ` 5 lakh in the month of January of the preceding financial year. Subsequently, the company offered an incentive on such purchases to Ghanshyam Das by issuing a commercial credit note of ` 50,000 in the month of April.

(c) The company also charges slotting fee from the manufacturers of goods to keep their products on the shelf for sale. The company received ` 5 crores from a manufacturer located in West Bengal for keeping its products on shelf of its store for sale in the State of Haryana. The payment for the same was received at Mumbai Head Office of the company. The invoice for the same was issued by the Haryana registration of the company.

(d) The company received an amount of ` 2 crores in April as penalty for delayed receipt of consideration from its customers for sale of goods made in the month of January of the preceding financial year in the retail store of Jaipur, Rajasthan.

(e) The company entered into a rental agreement with a registered person for an upcoming retail store (a commercial property) in Ahmedabad, Gujarat. The said store location is outside the municipal limits of Ahmedabad. The rental per month payable from April is ` 50 lakh which is paid to the owner registered in Ahmedabad, Gujarat, by the Mumbai Head Office of the company as the company follows a centralized rental agreement policy for all stores. The invoice for the same is issued to the respective registered office in Gujarat.

(f) The company incurred an expense of ` 50 lakh in transportation of empty cargo containers to its centralized warehouse in Mumbai from all the States through a Goods Transport Agency.

The rates of GST, unless otherwise specified, shall be 9% CGST, 9% SGST and 18% IGST. All the divisions of the company are eligible for 100% input tax credit unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below: - **[RTP Nov 24]**

1. The value of supply on which GST is payable for the month of April for the Rajasthan State is:

   (e) ` 96 crores

   (f) ` 100 crores

(g) ` 98 crores

(h) ` 102 crores

2. In relation to the incentive paid to Ghanshyam Das in Gujarat,
   a. the company shall reverse proportionate input tax credit.
   b. there is no GST implication on the company and Ghanshyam Das.
   c. Ghanshyam Das shall reverse the input tax credit availed on the purchase.
   d. the company shall reduce the tax liability and Ghanshyam Das shall increase the tax liability for the month of April.
3. In relation to the slotting fee charged,
   a. tax is payable by the company in Haryana.
   b. tax is payable by the manufacturer in West Bengal.
   c. tax is payable by the company in Maharashtra.
   d. slotting fee is exempted from GST.
4. The tax on penalty received on account of delayed payment of consideration is payable at the time of filing return of _________.
   a. April
   b. January
   c. Either April or January at the option of the company
   d. No tax is payable on the penalty received on account of delayed payment of consideration.
5. The GST on rental amount of upcoming store near Ahmedabad shall be:
   a. ` 4.5 lakh CGST and ` 4.5 lakh SGST, payable by owner in Gujarat.
   b. ` 9 lakh IGST, payable by owner in Gujarat.
   c. nil since store is located outside the municipal limits.
   d. ` 9 lakh IGST, payable under reverse charge mechanism by Mumbai Head Office, Maharashtra.
6. For the empty cargo containers transported to Mumbai warehouse,:
   a. e-way bill shall be issued by respective dispatch locations of the company.
   b. e-way bill shall be issued by the warehouse location in Mumbai.
   c. no e-way bill is required to be issued.
   d. e-way bill shall be issued by the Goods Transport Agency.

Answer-

(b) ` 100 Crores

(b) there is no GST implication on the company and Ghanshyam Das.

(a) tax is payable by the company in Haryana.

(a) April

(a) ` 4.5 lakh CGST and ` 4.5 lakh SGST, payable by owner in Gujarat

(c) no e-way bill is required to be issued.

Super Question 7–

XYZ Ltd., a registered supplier under GST in the State of Tamil Nadu, is engaged in providing various kinds of supplies of goods and services. It provides the following information for month of October, 2023:

S. No.	Particulars	Amount (`)
	OUTWARD SUPPLY:	
(i)	Supplies a consignment of goods in the territorial water to M/s Vikram Industries, registered in Kerala. The said territorial waters is located at a distance of 12 nautical miles from the baseline of State of Kerala and 11 nautical miles from the baseline of State of Tamil Nadu.	5,00,000
(ii)	Provided pure labour services of construction of a single commercial unit located in Delhi not forming part of any residential complex to a customer in Delhi.	12,00,000
(iii)	Supplied 25 televisions over the counter to Mr. Vijay, an unregistered buyer, who took it to his residence in Haryana.	14,00,000
	INWARD SUPPLY:	
(i)	Received a debit note in respect of inward intra-State taxable supplies received in the financial year 2020-21 for the quantity difference as agreed. These inward supplies were used for all goods manufactured in factory. Date of debit note is 17th October, 2023.	3,00,000
(ii)	Purchased silk yarn (to be used as raw material) from Mr. Ravi, who manufactures silk yarn from raw silk. Mr. Ravi is registered in the State of Rajasthan.	8,00,000
(iii)	Availed services of an arbitral tribunal in Chennai, Tamil Nadu to settle a case relating to the Companies Act.	6,00,000
(iv)	Purchased raw material form ABK Ltd., registered in the State of Andhra Pradesh.	15,00,000
(v)	Purchased a new truck from a dealer in Cochin, Kerala for transport of materials.	14,00,000

Notes:

The company provided the following additional information related to above said transactions or otherwise:

(i) The company claimed depreciation under the Income-tax Act, 1961 on the value of new truck purchased including all applicable taxes.

(ii) The company provided a corporate guarantee of ` 2.5 crore to BYH Ltd., its related company, having registered office in the State of Maharashtra, for loan availed by the later form Mangal Bank Ltd., Maharashtra. No consideration has been charged against this corporate guarantee.

(iii) In the month of March, 2023, company had availed services in an inter-State transaction with a taxable value of ` 9,00,000 and a tax rate of 18%. This transaction was liable to tax under reverse charge. Payment for the same to the supplier was not made till the current month (overdue for 181 days during October, 2023). However, tax due under the said transaction was paid to Government and input tax credit availed in the month of transaction itself.

(iv) The accountant of the company did not claim input tax credit in respect of debit note received for the reason that the original purchase was related to earlier years for which ITC claim eligibility has become time barred.

(v) Invoice issued to Mr. Vijay for televisions mentions only his name and State. However, his complete address of Haryana is missing in the invoice.

(vi) ABK Ltd. is mandatorily required to issue e-invoice. However, it did not issue e-invoice with Invoice Reference Number (IRN) although the invoice was reflected in GSTR-2B.

(vii) Turnover of XYZ Ltd. for the precious financial year was ` 190 lakh.

(viii) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services involved.

(ix) All the amounts given above are exclusive of the GST, wherever applicable. There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit have been fulfilled except if mentioned otherwise and also that details of GST paid on inward supplies are available in GSTR 2B.

(x) Assume that all the inward supplies have been used only for taxable outward supply.

(xi) Company is not covered under any of the exception of rule 86B of the CGST Rules, 2017 regarding restriction on use of available input tax credit.

Compute minimum net GST liability of M/s XYZ Ltd, to be paid in cash if any, after utilizing input tax credit if any, for the month of October, 2023.

Note: Working notes along with legal reasoning of each item should form part of your answer. **[May 24-14 Marks]**

Answer:

Computation of minimum net GST liability of XYZ Ltd. to be paid in cash for the month of October 2023

S. No.	Particulars	Amount (`)	CGST (`)	SGST (`)	IGST (`)
	Output tax payable under forward charge				
(i)	Supply of Consignment in territorial waters [Where supply is in territorial waters, place of supply is deemed to be in coastal State where nearest point of the appropriate baseline is located. Therefore, place of supply will be in Tamil Nadu and hence, supply will be intra-State supply]	5,00,000	45,000 [5,00,000 x 9%]	45,000 [5,00,000 x 9%]	
(ii)	Pure labour services [Since pure labour services provided for construction of only residential unit are exempt, such services provided for construction of commercial unit are taxable. Further, it is an inter-State supply since place of supply is location of Immoveable property, viz. Delhi.]	12,00,000			2,16,000 [12,00,000 x 18%]

(iii)	Supply of 25 Televisions[1] [Inter-State supply since place of supply is location as per the address of the Unregistered recipient (name of the State) recorded in the invoice issued in respect of the supply, viz. Haryana.] [It has been most logically assumed that the value of supply of ` 14,00,000 is for 25 televisions supplied.]	14,00,000			2,52,000 [14,00,000 x 18%]
(iv)	Corporate guarantee provided. [Deemed supply under Schedule-I of the CGST Act, 2017 even though made without any consideration. Inter- State supply since place of supply is Maharashtra (location of recipient). Further, value of supply is higher of: (i) 1% per annum of the amount of such guarantee offered, or (ii) actual consideration [Thus, value of supply is 1% of ` 2.5 crores, i.e. ` 2,50,000]	2,50,000			45,000 [2,50,000 x 18%]
	Total output tax		**45,000**	**45,000**	**5,13,000**
	Less: ITC available for set off [Refer note below.] [IGST credit is utilized for payment of IGST. CGST and SGST credit is first utilized for payment of CGST and SGST liability respectively and thereafter, for payment of IGST liability.]		(45,000) -CGST	(45,000) -SGST	(1,44,000) -IGST (36000) -CGST (36000) -SGST
	Net output tax payable in cash		Nil	Nil	2,97,000
	GST payable under reverse charge				
	Tax on services provided by the arbitral tribunal is payable under reverse charge by the recipient of service. [Arbitral tribunal services to XYZ Ltd., a business entity with aggregate turnover exceeding the applicable threshold limit for registration [viz. ` 20 lakh] in the previous financial year are liable to tax under reverse charge mechanism.]		54,000	54,000	
	Tax on silk yarn supplied by a person who manufactures it from raw silk to a registered person is payable under reverse charge.				1,44,000
	Minimum net GST payable for set off		**54,000**	**54,000**	**4,41,000**

Working note - Computation of eligible ITC available for set off

S. No.	Particulars	Amount (`)	CGST (`)	SGST (`)	IGST (`)
(i)	Debit note received. [ITC on debit notes issued in a financial year (FY) can be availed, any time till 30th November of the succeeding FY or the date of filing of the relevant annual return, whichever is earlier, based on date of issue of debit note, irrespective of the date of original invoice/ supply.]	3,00,000	27,000 [3,00,000 × 9%]	27,000 [3,00,000 × 9%]	

(ii)	Silk yarn purchased. [Inter-State supply since place of supply is location where movement of goods terminates, viz. Tamil Nadu. Further, ITC on goods to be used in course or furtherance of business is available.]	8,00,000			1,44,000 [8,00,000 × 18%]
(iii)	Services of the Arbitral Tribunal availed. Such services are intra-State supply since place of supply is Tamil Nadu (location of recipient). Further, ITC on services used in course or furtherance of business is available.]	6,00,000	54,000 [6,00,000 × 9%]	54,000 [6,00,000 × 9%]	
(iv)	Raw Material purchased from ABK Ltd. [ITC cannot be claimed on the e-invoices without IRN since an e-invoice without IRN is not treated as valid document for claiming ITC.]	15,00,000			
(v)	Truck purchased. [ITC is not available since depreciation has been claimed on the GST component.]	14,00,000			
(vi)	Condition of payment of value of supply plus tax within 180 days does not apply to supplies on which tax is payable under reverse charge mechanism.				
	Total ITC available		**81,000**	**81,000**	**1,44,000**

Super Question 8–

Sachha and Sudh Limited is a registered supplier of taxable goods and services at Raipur in the state of Chhattisgarh under regular scheme. Head office of the company is at Raipur whereas its branch office situated at Ludhiana, Punjab. It furnished the following information for various activities or transaction made during the month of April, 2024:

S. No.	Particulars	Amount (`)
	OUTWARD TRANSACTIONS	
(i)	Supplied goods to Matadeen and Sons in the State of Rajasthan on the instruction of Dhananjai Associates, a registered person under GST in the State of Chhattisgarh. The contract for such supply was for the delivery of goods at buyer's premises and included a fixed transportation cost of ` 20,000 irrespective of the actual freight paid. It is indicated separately in the invoice issued in this respect of supply of goods.	8,00,000
(ii)	Amount received for sale of the loading tempo, used for transportation of goods, to Mr. Suresh. Loading tempo was purchased at ` 4,80,000 and its depreciated value at the time of sale was ` 2,40,000. No GST credit was taken. Delivery of the loading tempo was given at registered office of the company.	1,80,000
(iii)	Provided intra-State supply of sponsorship service to Vidhi Agency, a proprietary concern of Raipur.	50,000
(iv)	Received as fine from Vipul, a registered person, for delayed supply of goods. Such payment was made as a compensation for margin loss caused due to price reduction between due date and actual date of supply. There was no express contract in this respect.	50,000
	INWARD TRANSACTIONS	
(i)	Intra-State purchase of goods from various registered persons. (Out of this` 7,00,000, goods of ` 1,00,000 was received on 1st May, 2024 due to riots in the area but all the invoices were received by 30th April, 2024.)	7,00,000
(ii)	Rent paid to Indian Railway for office premises situated in the State of Chhattisgarh.	40,000
(iii)	Representational service from Mr. Vikas Gupta, an advocate of Delhi and unregistered person under GST, towards dealing the GST appeal matters with the Commissioner (Appeal)	1,00,000

Additional information: The company paid ` 15,000 towards actual freight to Mr. Shailendra of Chhattisgarh, a truck owner and unregistered person in respect of supply of goods to Matadeen & Sons in the State of Rajasthan. Mr. Shailendra had not issued the consignment note.

(i) On 15th April, 2024, the company acquired 1% additional share holding in one of its subsidiary company for a consideration of ` 10,00,000

(ii) The company made inter-State purchase of goods of ` 1,00,000 to be used for discharge of corporate social responsibility (CSR) referred to in section 135 of the Companies Act, 2013.

Notes:

Assume rates of CGST, SGST and IGST are 9%, 9% and 18% for both inward and outward supply of goods and services except transportation service which is chargeable at 2.5%, 2.5% and 5% CGST, SGST and IGST respectively.

Both inward and outward supplies given above are exclusive of taxes.

All the conditions necessary for availing the ITC have been fulfilled. There was no opening balance of any input tax credit.

Compute the minimum net GST payable in cash by Sachha and Sudh Limited for the month of April, 2024 by considering that company wants to pay minimum amount of SGST as far as possible legally.

Working notes and correct provision of law for each point should form the part of your answer along with applicable provisions of place of supply under GST law. **[Nov 24- 14 Marks]**

Answer

Computation of minimum net GST payable in cash by Sachha and Sudh Limited to be paid in cash for the month of April, 2024

S. No.	Particulars	Amount (`)	CGST (`)	SGST (`)	IGST (`)
	Output tax payable under forward charge				
(i)	Supplied goods to Matadeen and Sons [Since the contract is for delivery of goods at buyer's premises and includes transportation cost, it becomes a composite supply; the principal supply being the supply of goods. Thus, GST rate applicable on goods will be charged on the entire value of supply of ` 8,00,000 (contract price actually paid by buyer).	8,00,000*	72,000 [8,00,000 x 9%]	72,000 [8,00,000 x 9%]	
	Further, since goods are delivered on Bill to Ship to Model to Matadeen and Sons on the direction of a third person – Dhananjai Associates, said third person is deemed to have received the goods and the place of supply is the principal place of business of such person, i.e. Chhattisgarh. Thus, it is an intra-State supply.]				
(ii)	Sale of used loading tempo to Suresh [Since ITC has not been taken on the tempo and depreciation has been claimed on it under the Income-Tax Act, 1961[2]**, value of supply is consideration received less	Nil			

	depreciated value on the date of supply of tempo. However, since value of supply is negative [` 1,80,000 – ` 2,40,000], it is to be ignored.]				
(iii)	Intra-State supply of sponsorship service [Tax is payable under forward charge since recipient of said services is a proprietary concern. Tax is not payable under reverse charge since recipient of said services is a not a partnership firm or body corporate.]	50,000	4,500 [50,000 x 9%]	4,500 [50,000 x 9%]	
(iv)	Fine for delayed supply of goods [There was no express contract. Fine received from Vipul, being liquidated damages is merely a payment to compensate the loss caused due to delayed supply of goods and is not a consideration for supply.]	-			
	Total output tax		76,500	76,500	
	Less: ITC available for set off [Refer note below.] [IGST credit is utilized for payment of SGST only in order to minimize the SGST liability. CGST and SGST credit are utilized for payment of CGST and SGST liability respectively.]		- (57,600)- CGST	(18,000) - IGST (57,600) -SGST	
	Net output tax payable in cash		18,900	900	
	GST payable in cash under reverse charge				
	Add: Tax on services received from the advocate – Vikas Gupta - is payable under reverse charge by the recipient of service.				18,000
	Minimum net GST payable		**18,900**	**900**	**18,000**

*** It has been logically assumed that the transportation cost of `20,000 is included in the total contract value of ` 8,00,000.**

**** It has been assumed that depreciation has been claimed under the Income-Tax Act, 1961 and depreciation given in question is depreciation claimed as per the Income-tax Act, 1961.**

Working note - Computation of eligible ITC available for set off

S. No.	Particulars	Amount (`)	CGST (`)	SGST (`)	IGST (`)
(i)	Intra-State purchase of goods [ITC on goods ` 1,00,000 not received in April cannot be availed.]	6,00,000 [7,00,000 - 1,00,000]	54,000 [6,00,000 × 9%]	54,000 [6,00,000 × 9%]	
(ii)	Freight paid to truck owner [No ITC is available since GST on service of transportation of goods by road received from a person other than a GTA is exempt.]	15,000	-	-	
(iii)	Rent paid to Indian Railway [It is an intra-State supply since the place	40,000	3,600 [40,000 × 9%]	3,600 [40,000 × 9%]	
	of supply is location of immovable property, i.e. Chhattisgarh and supplier – Indian Railways is in Chhattisgarh Tax is payable under forward charge. Further, ITC on services used in course or furtherance of business is allowed.]				
(iv)	Representational services received from Vikas Gupta [Services received by a business entity*** from advocates are not exempt. It is an inter- State supply since the supplier is in Delhi and place of supply is location of recipient, i.e. Chhattisgarh. Further, ITC on services used in course or furtherance of business is available.]	1,00,000			18,000 [1,00,000 × 18%]
(v)	Additional share holding acquired in subsidiary [It is neither supply of goods nor supply of services, which is covered under	-			
	Schedule III. ITC cannot be claimed since no GST is payable on the same.]				

(vi)	Inter-State purchase of goods to be used for corporate social responsibility [ITC on goods to be used for discharge of corporate social responsibility is blocked under section 17(5)]	-			
	Total ITC available		57,600	57,600	**18,000**

***** It has been assumed that the aggregate turnover of Sachha and Sudh Limited exceeded such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017.**

Super Question 9–

Sitaram Industries Limited, a registered entity under GST, in the State of Karnataka, is engaged in manufacture and supply of both taxable and exempt goods and services. Following information for the month of October, 2023 is provided by it:

S. No.	Particulars	Amount (`)
	OUTWARD SUPPLIES:	
A	Sold an old warehouse building in the State of Karnataka to a retail giant in the same State	30,00,000
B	Supplied 30 laptops over the counter to Mr. Sudhakar, an unregistered buyer, who took it to his residence in Haryana. [Invoice issued to him mentions only his name and State. However, his complete address of Haryana is missing in the invoice.]	12,00,000
	Special boxes for packing of the laptops	1,30,000
C	Provided Direct Selling Agent service to Kumkum Bank, registered in Karnataka	4,00,000
D	Provided pure labour services pertaining to a single residential unit in Mumbai, Maharashtra (otherwise than as a part of residential complex) for erection and installation of renovation works for a client registered in Maharashtra	6,20,000
E	Provided free of cost training in a resort in Puducherry to its agents based in the State of Karnataka on effective use of the products of the company. [Open market value of the said service is ` 1,00,000. Value of supply of service of like kind and quality is ` 1,20,000.]	
F	Interest received on fixed deposits from Sulakshan Bank, registered in Karnataka	2,00,000
	INWARD SUPPLIES:	
	Received a debit note in respect of inward intra- State taxable supplies received in the financial year 2020-21 for the quantity difference as agreed. These inward supplies were used for all goods manufactured in factory. Date of debit note is 16th October, 2023.	4,00,000

H	Solar panels installed in the factory for providing electricity to be used in factory (Intra- State)	5,00,000
I	Purchased employee uniforms for 1000 employees (Inter-State) [Uniforms worth ` 3,00,000 were necessary to ensure the safety of the workers while carrying out the manufacturing activity. Remaining uniforms worth ` 4,00,000 were sometimes worn by the employees outside the factory for personal purposes.]	7,00,000

The company provided the following additional information:

i. In respect of sale of old warehouse building, stamp duty was paid on ` 32 lakh.

ii. The company provided a corporate guarantee of ` 2 crores to Laxmi Logistics Limited, its related company having registered office in the State of Karnataka, for loan availed by the latter from Jandhan Bank Ltd., Karnataka.

iii. The accountant of the company did not claim input tax credit in respect of debit note received for the reason that the original purchase related to earlier years for which ITC claim eligibility was over.

iv. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, except special packing boxes for which the applicable rates of CGST, SGST and IGST are 6%, 6% and 12% respectively.

v. All the amounts given above are exclusive of taxes, wherever applicable

From the information given above, you are required to compute the eligible ITC available for set off and minimum net GST payable in cash (CGST, SGST or IGST, as the case may be) for the month of October, 2023. Provide brief reasons for the treatment of each item. **[RTP May 24]**

Answer-

Computation of eligible ITC and net GST payable by M/s Sitaram Industries Ltd., for the month of October, 2023

Particulars	**Value**	**IGST @ 18%**	**CGST @ 9%**	**SGST @ 9%**
	`	`	`	`
Outward Supply:				
Sale of old warehouse	Nil	-	-	-
Building [Since sale of building is neither supply of goods nor supply of services in terms of para 5 of Schedule III of the CGST Act, 2017, it does not qualify as supply.]				
Supply of laptops [Inter-State supply since place of supply here is the location as per the address of the unregistered recipient (name of the State) recorded in the invoice issued in respect of the supply, viz. Haryana, in terms of section 10(1)(ca) of the IGST Act, 2017.	13,30,000 [12,00,000 + 1,30,000]	2,39,400	-	-

Further, as per section 8(a), supply of laptops with packing is a composite supply, chargeable to tax at the rate applicable to the principal supply (viz. supply of laptops) i.e.,18%.]				
Direct Selling Agent service [Intra-State supply since place of supply here is the location of recipient, viz. Karnataka, in terms of	4,00,000	-	36,000	36,000
section 12(2)(a) of the IGST Act, 2017. Further, tax will be payable under forward charge since such services are provided by a person other than individual - Notification No. 13/2017 CT(R) dated 28.06.2017.]				
Pure labour servicer [Inter-State supply since place of supply here is the location of immoveable property, viz. Maharashtra in terms of section 12(3) of the IGST Act, 2017. Further, services by way of pure labour contracts of erection and installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt in terms of Notification No. 12/2017 CT(R) dated 28.06.2017 However, such services in relation to renovation work are not exempt.]	6,20,000	1,11,600	-	-
Free training to agents [Services provided by the company to agents without consideration is not deemed as supply in	1,00,000	-	-	-
terms of para 3 of Schedule-I since only goods supplied by principal to agent are covered therein. Further, such services are also not covered in para 2 of Schedule I as agents are not related persons.]				
Corporate guarantee provided to Laxmi Logistics Limited [Supply of service between related parties even when made without any consideration is deemed supply in terms of Schedule I. Further, value of corporate guarantee, in terms of rule 28(2), will be higher of: (i) 1% per annum of the amount of such guarantee offered, or (ii) actual consideration] (i.e. 1% of ` 2 crore)	2,00,000	-	18,000	18,000

[Circular No. 204/16/2023 GST dated 27.10.2023]				
Interest received on fixed deposits [Services by way of extending deposits, loans	2,00,000	-	-	-
or advances in so far as the consideration is represented by way of interest are exempt vide Notification No. 12/2017 CT (R) dated 28.06.2017]				
Gross GST liability [A]		**3,51,000**	**54,000**	**54,000**
Less: ITC available for set off [Refer Note (iii) below]		24,958	16,639	16,639
Net GST payable in cash		**3,26,042**	**37,361**	**37,361**

Notes:

(i) Computation of ITC admissible to Sitaram Industries Ltd. for the month of October, 2023

Particulars	**Value**	**IGST**	**CGST**	**SGST**
	`	`	`	`
Debit note received [ITC on debit notes issued in a financial year can be availed any time till 30th November of the succeeding financial year or the date of filing of the relevant annual return, whichever is earlier, irrespective of the date of original invoice/ supply, in terms of section 16(4).]	4,00,000	-	36,000	36,000
Solar panels purchased [ITC cannot be claimed in respect of solar panels, since ITC on goods or services or both received by a taxable person for construction of an immovable property (other than plant and machinery on		-	-	-
his own account including when such goods or services or both are used in the course of furtherance of business is blocked in terms of section 17(5)(d).]				
Uniforms purchased [ITC on the uniforms which are necessary to ensure the safety of the employees while carrying out the business activity, is available. However, uniforms not provided for any safety purpose are construed as being used for personal consumption and thus, ITC thereon is blocked in terms of section 17(5)(d).]	3,00,000	54,000	-	-

Total		**54,000**	**36,000**	**36,000**

(ii) Computation of common credit attributable to exempt supplies in respect of Sitaram Industries Ltd. for the month of October, 2023

Particulars	**IGST (`)**	**CGST (`)**	**SGST (`)**
Common credit on receipt of debit note [Debit note, although received in respect of taxable inward supply, is being used for all goods manufactured in factory which comprises of both taxable and exempt goods.]	--	36,000	36,000
Common credit on purchase of uniforms [Uniforms are being used commonly for manufacturing of both taxable and exempt goods.]	54,000		
Common credit attributable to exempt supplies (rounded off) = Common credit x (Exempt turnover during the period / Total turnover during the period) = ` 54,000 x ` 32,00,000/` 59,50,000 (IGST) = ` 36,000 x ` 32,00,000 / ` 59,50,000 (CGST/SGST) Exempt turnover = ` 32,00,000 and total turnover = ` 59,50,000 [Refer note below]	29,042	19,361	19,361

Note: As per explanation to section 17(3), the expression "value of exempt supply" shall not include the value of activities or transactions specified in Schedule III, except, inter alia, sale of building subject to clause (b) of paragraph 5 of Schedule II. Further, as per explanation to Chapter V (Input Tax Credit) of the CGST Rules, 2017, for determining the value of an exempt supply as referred to in section 17(3), the value of exempt supply in respect of land and building is the value adopted for the purpose of paying stamp duty.

Further, as per explanation 1 to rule 43, the aggregate value of exempt supplies for the purpose of rules 42 and 43, inter alia, excludes the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances.

Therefore, value of exempt turnover in the given case will be the value of building (` 32,00,000).

Total turnover will be sum of value of building (` 32,00,000) + supply of laptop (` 13,30,000) + supply of Direct Selling Agent service (` 4,00,000) + supply of pure labour service (` 6,20,000) + supply of corporate guarantee (` 2,00,000) + interest received on fixed deposits (` 2,00,000)

= ` 59,50,000

(iii) **Computation of ITC available for set off of Sitaram Industries Limited for the month of October, 2023**

Particulars	**IGST (`)**	**CGST (`)**	**SGST (`)**

Common credit on inputs and input services	54,000	36,000	36,000
ITC available in the Electronic Credit Ledger	**54,000**	**36,000**	**36,000**
Less: Common credit attributable to exempt supplies during the tax period [As calculated in Note (ii) above]	29,042	19,361	19,361
ITC available for set off	**24,958**	**16,639**	**16,639**

Super Question 10–

Mr. Dinkar is the owner of Dinkar Associates which is registered in Ahmedabad, Gujarat. He is engaged in supply of various goods and services in the domestic market and exporting the same outside India. During the month of February, he has undertaken the following transactions:

Outward Supplies

(i) Transferred the tenancy rights of a commercial complex (taken on rent) located in Vadodra for a tenancy premium of ` 8,00,000 to DB Morgan Ltd. of Ahmedabad, Gujarat. Stamp duty and registration fee have already been paid on the tenancy premium.

(ii) Hired out excavators and dumpers alongwith operators to mining lease holders of Kuchchh, Gujarat for extracting and transporting minerals within the mining area for a period of 5 years. The excavators/dumpers are invariably hired out along with operators. Similarly, operators are supplied only when the excavators/dumpers are hired out. Hire charges for excavators and dumpers are ` 10,00,000 and service charges for supply of manpower for operation of the excavators/dumpers - ` 2,00,000.

(iii) Supplied goods of value of ` 35,00,000 to Choksi Ltd. Jamnagar, Gujarat (including goods worth `·10,00,000 supplied to SEZ unit of Choksi Ltd. in Gujarat).

(iv) Agreed to provide consultancy services to Mr. Krishna of Surat, Gujarat who is an unregistered person in connection with his newly commenced business for a consideration of ` 6,80,000. An advance of ` 1,50,000 has been received for the same on 10th February.

(v) Exported the goods to George Inc. of the USA. FOB value of the goods is ` 8,40,000.

(vi) Sold a heavy printing machinery purchased from Japan for ` 5,10,000 in high sea to Dhoomketu Printers, Mumbai, Maharashtra on 10th February.

(vii) Supplied goods to Timahi Corporation, China for ` 12,00,0000 on 15th February. These goods were purchased for ` 10,00,000 from Jamsam Corporation, Japan on 5th February and were supplied in China without bringing them to India.

Inward Supplies

(i) The goods exported to George Inc., USA, were purchased by Mr. Dinkar as a merchant exporter for ` 7,00,000 from Shravan Ltd., a manufacturer registered in Bengaluru, Karnataka.

(ii) The heavy printing machinery sold in high sea to Dhoomketu Printers was originally imported by Mr. Dinkar from Japan on 2nd February, with CIF value of ` 5,00,000 and FOB value of ` 4,50,000.

(iii) Mr. Dinkar paid a sales commission of ` 5,00,000 to Mr. Kenzo of Japan, his agent in connection with all the imports from Japan.

(iv) Imported raw materials from Italy under a CIF contract. CIF value of the goods for the purpose of customs included ` 2,00,000 as ocean freight paid by the exporter on transport of goods through vessel from port of shipment to port of import. The value for the purpose of levy of IGST worked out by the customs was ` 9,00,000.

(v) Purchased raw cotton for manufacture of garments for ` 12,00,000 from Mr. Poonawala, an agriculturist of Kuchch, Gujarat.

(vi) Monthly rent of ` 35,00,000 payable to Dharam Ltd., Gujarat, for the retail outlet (a commercial property) in Ahmedabad, Gujarat (one third of total space available is used by Mr. Dinkar for personal residential purposes).

Compute the net GST payable in cash [CGST and SGST or IGST, as the case may be], by Mr. Dinkar for February.

Notes:

A. Rates of CGST, SGST and IGST for hiring out of excavators and dumpers are 6%, 6% and 12%. As regards the supply received as a merchant exporter, Mr. Dinkar paid GST at the concessional rates by fulfilling all requisite conditions thereof. Rates of CGST, SGST and IGST for all the other supplies of goods and services including supply of manpower services are 9%, 9% and 18%. Ignore GST compensation cess.

B. Mr. Dinkar had an opening balance of ITC of CGST of ` 35,000 and SGST of ` 35,000 for the relevant period. In respect of all the inward supplies, suppliers have uploaded their invoices in respective Form GSTR-1 and the supplies are reflected in Form GSTR 2B.

C. All the figures given above are exclusive of GST, wherever applicable. The amounts given in respect of import and export transactions in rupees have been arrived after conversion thereof, though transactions were undertaken in convertible foreign currency.

D. Mr. Dinkar always makes zero-rated supplies under a bond or letter of undertaking (LUT).

Provide supporting explanatory notes for your conclusion wherever required. **[RTP Nov 24]**

Answer-

Computation of net GST payable in cash, by Mr. Dinkar

Particulars	**Value (`)**	**CGST (`)**	**SGST (`)**	**IGST (`)**
GST payable on outward supplies				
Transfer of tenancy rights [Transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is taxable even though stamp duty and registration fee have been paid on the same (Circular No. 44/2018 CT dated 02.05.2018). It is an intra-State supply since place of supply is location of immovable property being Ahmedabad, Gujarat.]	8,00,000	72,000 (8,00,000 x 9%)	72,000 (8,00,000 x 9%)	

Hiring out excavators and dumpers including operators [Taxable since renting Of trucks and other Freight vehicles with driver for a period of Time is a service of Renting of transport vehicles (with operator) And not service of transportation of goods by road. Further, since The excavators and dumpers are invariably Hired out along with Operators and the operators are supplied Only when the excavators/dumpers are hired out, it is a case Of composite supply Under section 2(30) Wherein the principal supply is the hiring out of the excavators and dumpers. As per section 8(a), the Composite supply is treated as the supply of The principal supply.	12,00,000 [10,00,000 + 2,00,00]	72,000 (12,00,000 x 6%)	72,000 (12,00,000 x 6%)	
Therefore, the supply of manpower for operation of the excavators/ dumpers will also be taxed at the rate applicable for hiring out of the excavator and dumpers (principal supply). Further, it is a taxable intra-State supply since place of supply is location of recipient being Kuchchh, Gujarat.]				
Goods supplied to SEZ unit of Choksi Ltd. [Supply to SEZ unit is a zero-rated supply in terms of section 16(1)(b) of the IGST Act, 2017. No IGST is payable since Mr. Dinkar makes all zero- rated supplies under LUT/bond.]	10,00,000			Nil
Supply of goods to Choksi Ltd., Gujarat [It is a taxable intra- State supply since place of supply is location of goods when movement of such goods terminates, viz., Jamnagar, Gujarat.	25 10,00,000]	2,20 [25,00,000 × 9%]	2,2 9%]	
Advance received for	100	,500	1	
the consultancy services to be provided to Mr. Krishna		[1,50,000 × 9%]	[1,50,000 × 9%]	

[Tax on the services to be provided is payable at the time of receipt of advance. Since the place of supply is location of recipient, i.e. Gujarat, it is an intra- State supply.]				
Export of goods to USA under LUT/bond [Export of goods outside India is a zero-rated supply in terms of section 16(1)(b) of the IGST Act, 2017. No IGST is payable since Mr. Dinkar makes all zero- rated supplies under LUT/bond.]	8,40,000			Nil
High sea sales of heavy printing machinery imported from Japan [High sea sales is neither treated as supply of goods nor as supply of services in terms of para 8(b) of Schedule III of the CGST Act, 2017.]	Nil	--	--	--
Goods purchased from Japan sold in China without bringing them into India	Nil	--	--	--
[Third country shipments or triangular trade is neither treated as supply for goods nor as supply of services in terms of para 7 of Schedule III of the CGST Act, 2017.]				
Total output tax		3,82,500	3,82,500	Nil
Less: ITC [Refer working note below] [IGST credit has been utilized for payment of CGST and SGST liability in equal proportion. Thereafter, CGST credit and SGST credit have been utilized to pay the CGST liability and SGST liability respectively.]		81,350 (IGST)	81,350 (IGST)	
Net GST payable		Nil	Nil	Nil
Add: GST payable on inward supplies				
Imported raw material from Italy	9,00,000			1,62,000 [9,00,000 × 18%]
Raw material purchased from Mr. Poonawala, Gujarat	12,00,000	1,08,000 [12,00,000	1,08,000 [12,00,000	

[Tax on the raw cotton purchased by any registered person from an agriculturist is payable under reverse charge vide Notification No. 4/2017 IT (R) dated 28.06.2017.]		× 9%]	× 9%]	
Total net GST payable in cash (CGST and SGST of ` 1,08,000 each will be paid in cash through GSTN portal and IGST of ` 1,62,000 will be paid in cash through ICEGATE portal while making customs clearance.)		1,08,000	1,08,000	1,62,000

Working Note - Computation of admissible ITC for February

Particulars	**Value** **(`)**	**CGST** **(`)**	**SGST** **(`)**	**IGST** **(`)**
Opening balance		35,000	35,000	
Goods purchased as merchant exporter [It is an inter-State supply since the place of supply is Gujarat, i.e. location where the movement of goods terminates. Shravan Ltd. would have supplied the goods to merchant exporter – Mr. Dinkar - at concessional rate of IGST of 0.1% prescribed under Notification Nos. 41/2017 IT(R) dated 23.10.2017. Further, the merchant exporter is eligible to take ITC of concessional IGST so paid1.]	7,00,000	--	--	700
Heavy printing machinery imported from Japan [No ITC is available since tax is not payable by Mr. Dinkar on the same since in case of high sea sales, IGST is paid by the last high sea sales buyer who clears the goods for home consumption by filing the bill of entry.]	Nil	--	--	--
Goods purchased from Jamsam Corporation, Japan	Nil	--	--	--

[No ITC is available since tax is not payable by Mr. Dinkar on the same as goods do not become part of the landmass of the country.]				
Sales commission paid to agent - Mr. Kenzo [Since service provider - Mr. Kenzo - is an intermediary in the given transaction, place of supply is location of supplier - Mr. Kenzo, i.e. outside India (Japan), in terms of section 13(8)(b)	5,00,000	--	--	--
of the IGST Act, 2017. Since location of supplier and place of supply are outside India, tax is not payable on said transaction under reverse charge on said services.]				
Imported raw material from Italy [Input tax, inter alia, includes IGST charged on import of goods, in terms of section 2(62). No separate levy of IGST will be there on the component of ocean freight paid by the foreign exporter to the foreign shipping line in the CIF contract by virtue of Union of India vs. Mohit Minerals Pvt. Ltd. 2022 (61) G.S.T.L. 257 (SC) since the Indian importer is liable to pay IGST on the 'composite supply', comprising of supply of goods and supply of services of transportation, insurance, etc. in a CIF contract.	9,00,000			1,62,000 [9,00,000 × 18%]
Raw cotton purchased from Mr. Poonawala, Gujarat [It is an intra-State supply since the place of supply is location where movement of goods terminates, i.e. Gujarat, in terms of section 10(1)(a) of the IGST Act, 2017. ITC on goods used in course or furtherance of business is allowed in terms of section 16.]	12,00,000	1,08,000 [12,00,000 × 9%]	1,08,000 [12,00,000 × 9%]	
GST paid on monthly rent [In case of services used partly for the business purpose and partly for other purposes,	35,00,000	2,10,000 [35,00,000	2,10,000 [35,00,000	--

ITC is restricted to so much of ITC as is attributable to the purposes of business. Thus, ITC for GST paid on only 2/3rd of monthly rent is available since GST paid on monthly rent attributable to personal purposes (one-third) is not allowed. Further, it is an intra-State supply since the place of supply of services provided in relation to an immovable property is location of immovable property, i.e. Gujarat in terms of section 12(3) of the IGST Act, 2017.]		× 9%×2/3]	× 9%×2/3]	
Total ITC available		**3,53,000**	**3,53,000**	**1,62,700**

Note – Since as per section 49(5) read with rule 88A, ITC of IGST can be utilised towards payment of CGST and SGST in any proportion and in any order, the ITC of IGST of ` 1,62,700 can be set off against the CGST and SGST liability in any proportion and in any order. In above answer, ITC of IGST has been set off in equal proportion against the payment of CGST and SGST liability. However, multiple answers are possible to given question owing to multiple ways of utilizing the ITC of IGST for payment of CGST and SGST liability.

Super Question 11–

A banking company M/s. YVPAY Bank Ltd. is registered under GST laws and provided the following services during the month of October, 2023.

S. No.	Particulars	Amount (`)
(i)	Discount earned on bills discounted	6,00,000
(ii)	Interest earned on reverse repo transaction	2,00,000
(iii)	Penal interest recovered from the borrower for the delay in payment of loan EMIs/Dues	5,00,000
(iv)	Services to merchants accepting credit /debit card payments using Point of Sale (POS) machine of bank. (In 50% cases, the amount per transaction was up to ` 1,500 while in the other cases, the amount was between ` 1,500 to ` 2,000)	6,50,000
(v)	Commission received for debt collection service	12,00,000
(vi)	Interest charges for last payment of credit card dues	4,00,000

M/s. YVPAY Bank Ltd. had opted for optional method, under section 17(4) of the CGST Act, 2017, for claiming input tax credit in respect of its operations. For the month of October, 2023, the relevant details for input tax credit are as follows:

(i) Amount of GST paid on eligible input services - ` 8,00,000

(ii) Amount of GST paid on eligible capital goods - ` 6,00,000

(iii) Amount of GST paid on items whose credit is blocked under section 17(5) of the CGST Act, 2017 -` 3,00,000

(iv) Applicable rate of GST is 18% on services provided.

Based on the information given above, calculate the net GST payable by the bank for the month of October 2023. Ignore bifurcation of CGST and SGST or IGST. **[May 24-5 Marks]**

Answer-

Computation of net GST payable by YVPAY Bank Ltd.

	Particulars	**GST @ 18%* (`)**
(i)	Discount earned on bills discounted [Exempt since consideration is represented by way of discount.]	-
(ii)	Interest on reverse repo transaction [Exempt since consideration is represented by way of interest paid to bank.]	-
(iii)	Penal interest on delayed payment of EMIs [Penal interest paid to bank is exempt]	-
(iv)	Services to merchants accepting credit/debit card payments [Exempt since such services are provided to merchants in relation to settlement of an amount upto ` 2,000 per transaction through credit/debit card.]	-
(v)	Commission for debt collection services [Not exempt, since it is not a service of extending deposits, loans or advances.]	2,16,000
(vi)	Interest charges for late payment of credit card dues [Not exempt, since specifically excluded.]	72,000
	Output tax payable	2,88,000
	Less: 50% of eligible ITC on input services and capital goods availed in October [(` 8,00,000 + ` 6,00,000) × 50%] [Blocked credit cannot be availed.]	(7,00,000)
	Net GST payable	**Nil**

*** It has been assumed that the amounts given in the question are exclusive of GST. However, it is also possible to solve the question assuming that the amounts given in the question is inclusive of GST.**

Super Question 12-

Vijay Pvt. Ltd. of Chennai, Tamil Nadu, exclusively manufactures and sells product 'V2Z' which is exempt from GST vide notifications with certain taxable supplies. The company sells product 'V2Z' only within Tamil Nadu and it is registered under GST under regular scheme. Further, all the inward supplies of the company are taxable under forward charge. The company expects the sales to grow in the current year. Owing to the growing demand for the product, the company decided to increase its production capacity and purchased additional machinery exclusively used for manufacturing 'V2Z' on 1st August, 2023. The purchase price of such machinery was ` 45 lakh (exclusive of GST@ 18%).

However, with effect from 1st December, 2023, exemption available on 'V2Z' was withdrawn by the Central Government and GST @ 12% was imposed thereon. Can Vijay Pvt. Ltd take input tax credit on additional machinery purchased exclusively for manufacturing 'V2Z'? If yes, then when and how much credit can be availed?

Advice Vijay Pvt. Ltd. on the above issues with reference to the provisions of GST law.

Correct provisions of law should form the part of your answer. [May 24 - **5 Marks]**

Answer-

Where an exempt supply of goods by a registered person becomes a taxable supply, such person shall be entitled to take ITC, inter alia, in respect of capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable i.e. Nov 30, 2023.

ITC on capital goods can be claimed after reducing the tax paid on such capital goods by 5% per quarter of a year or part thereof from the date of the invoice.

Thus, Vijay Pvt. Ltd. can take following amount of ITC on additional machinery purchased exclusively for manufacturing “V2Z” by making an electronic declaration in prescribed form specifying the details of capital goods on the day immediately preceding the date from which such supply becomes taxable within 30 days of becoming eligible to avail ITC:

= (`45 lakh × 18%) - (`45 lakh × 18% × 5% × 2 quarters)

= `8,10,000 – `81,000

= `7,29,000

Super Question 13–

Determine the ‘place of supply’ along with justification for the following independent cases:

I. Crystal Clear Water Ltd. (CCWL) is a manufacturer of mineral water and registered under GST in Mumbai, Maharashtra. CCWL enters into a contract with Global Advertising Agency (GAA) registered under GST in Ahmedabad, Gujarat for displaying its advertisement on hoardings at an awards event organized at Convention Centre Gandhinagar, Gujarat on 31.10.2023. the structure on which the hoardings are to be displayed is taken on rent by GAA from Mr. Kapoor (unregistered person based in Delhi.). Determine the ‘place of supply’ for tax invoice to be raised by GAA to CCWL.

II. Mr. Sunil (unregistered person under GST) is a resident of Delhi and currently posted in Dehradun, Uttarakhand. He went on an official visit to Arunachal Pradesh. He purchased a leather bag on 15.10.2023 from Arunachal Pradesh and shop keeper M/s ABC issued a tax invoice in the name of Mr. Sunil only. Mr. Sunil returned back to Dehradun along with leather bag. Determine the ‘place of supply’ for tax invoice issued by M/s. ABC to Mr. Sunil.

III. Mr. Pintu (unregistered person under GST), resident of Karnal, Haryana went to visit Shimla, Himachal Pradesh along with his family during holidays in the month of October 2023. Due to some medical emergency, he purchased some medicines on 20.10.2023 from a medical store at Mall Road, Shimla and the tax invoice was issued in the name of Mr. Pintu mentioning the address as Karnal, Haryana only. The medicines purchased were consumed in Shimla during the period of stay.

Determine the 'place of supply' for tax invoice issued by medical store to Mr. Pintu. [May 24-**5 Marks]**

Answer-

(I) In the given case, services provided by GAA to CCWL are advertisement services.

The place of supply of such services made to a registered person is location of such person.

Thus, place of supply for tax invoice to be raised by GAA to CCWL is location of CCWL, i.e. Mumbai, Maharashtra.

(II) In case of supply of goods to an unregistered person over the counter (OTC), where address of such person is not recorded in the invoice, the place of supply is location of the supplier.

Since in the given case, the address of Mr. Sunil is not recorded in the invoice, place of supply is location of M/s ABC i.e. Arunachal Pradesh.

(III) In case of supply of goods to an unregistered person over the counter (OTC), where address of such person is recorded in the invoice (i.e. name of State of said person is recorded in invoice), the place of supply is location as per said address.

Thus, in the given case, since the address of Mr. Pintu is recorded in the invoice, place of supply is Karnal / Haryana.

Super Question 14–

Zebrex, registered in Delhi, enters into a contract with Shine Ltd., an advertising company, located and registered in Gurugram, Haryana, to arrange the display of an advertisement of Zebrex's newly launched product on a hoarding placed in Marine Drive-Mumbai, Maharashtra for initial 3 months of the launch of the product. Shine Ltd., in turn, enters into a contract with the owner of Seaside Hotel located and registered in Marine Drive-Mumbai, Maharashtra for display of the advertisement on a hoarding placed in the lawn of the hotel. What will be the place of supply of service(s) provided in the given case? [RTP May 24]

Answer-

In the given case, two supplies are involved:

a. Services provided by Shine Ltd. to Zebrex by way of arranging the display of the advertisement of its newly launched product, and

b. Services provided by Seaside Hotel to Shine Ltd. by way of placing a hoarding in the lawn of the hotel.

The place of supply in each of the above supplies is as follows:

(i) As per section 12(2)(a) of the IGST Act, 2017, the place of supply of services, except the services specified in sub-sections (3) to (14) of section 12 of the IGST Act, 2017, made to a registered person is the location of the person receiving the services. Advertisement services provided by Shine Ltd. to Zebrex is not covered in any of the sub-sections of section 12 of the IGST Act, 2017. Therefore, the place of supply shall be determined by the default provision under section 12(2)(a) of the IGST Act, 2017, viz. the location of the recipient.

Thus, the place of supply, in the given case, is the location of Zebrex, i.e. Delhi.

(ii) In case where there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure, the hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of the IGST Act. Therefore, the place of supply of service provided by way of grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding/ structure is located.

Thus, the place of supply, in the given case, is location of hotel where the hoarding is located, viz. Marine Drive-Mumbai, Maharashtra.

Super Question 15–

Mr. Ayush is a registered supplier in Ahmedabad (Gujarat) under GST law. He provides the following information pertaining to various outward supplies made by him during the month of March, 2024:

S. No.	Particulars	Amount (`)
(i)	Vijay Vayapar Chamber of Commerce organized a business summit. Nuba Pvt. Ltd., manufacturer of readymade garments, sponsored the summit and paid sponsorship fee of ` 1,80,000 to Vijay Vayapar Chamber of Commerce. Mr. Ayush, an independent director of Nuba Private Ltd., provided the services to the company in relation to this and Nuba Private Ltd. paid ` 40,000 to him as remuneration.	40,000
(ii)	Supply of railway equipments by way of transportation by a vessel from one place in India to another.	1,20,000
(iii)	Services by way of storage/warehousing of processed tea used for beverage as green tea.	70,000
(iv)	Health care services by his clinical establishment of providing rooms having room charges ` 3,100 per day to a person receiving health care services.	3,00,000
(v)	Services of a guest house, for lodging purposes, having value of supply of a unit of accommodation ` 800 per day	72,000

All above amounts are exclusive of GST. All the supplies are intra-State supply and assume the rate of taxes are IGST @ 18% and CGST & SGST @ 9% each.

From the above information, compute the GST liability of each item seperately, on which tax to be paid by Mr. Ayush for the month of March, 2024.

Correct provision of law should form the part of your answer. [Nov 24 - **5 Marks]**

Answer

Computation of GST liability of Mr. Ayush

	Particulars	**CGST @ 9% (`)**	**SGST @ 9% (`)**

(i)	Service provided to Nuba Pvt. Ltd. [Tax on services provided in the capacity of an independent director is payable by the recipient – Nuba Pvt. Ltd. under	--	--
	reverse charge mechanism and not by Mr. Ayush*]		
(ii)	Supply of transportation of railway equipment by vessel [Taxable, since it is not specifically exempt. Transportation of specified goods by vessel from one place in India to another are exempt. However, railway equipment is not a specified good. Exemption earlier available to transportation of railway equipment by vessel from one place in India to another was withdrawn.]	10,800	10,800
(iii)	Storage/warehousing of processed tea [Taxable, since storage/warehousing of only agricultural produce is exempt but processed tea is not an agricultural produce.]	6,300	6,300
(iv)	Health care services of providing rooms by his clinical establishment [Exempt, since room charges do not exceed ` 5,000 per day.]	-	-
(v)	Services of a guest house for lodging purposes [Taxable, since exemption with respect to services provided by guest house for lodging purposes with value of supply up to ` 1,000 per day, was withdrawn.]	6,480	6,480

***** It has been assumed that services provided by Mr. Ayush are in the capacity of director of that company. However, where such services are assumed to be provided by Mr. Ayush in his personal capacity, tax on the same will be paid by Mr. Ayush under forward charge.

Super Question 16–

M/s. Win here 2407 is an online money gaming platform operating from Singapore. It provides its users a platform to play and win money in different games etc. that are available on its web portal.

In the month of October 2023, Mr. Anil (player), an unregistered person located in India, deposited an amount of ` 15,000 (inclusive of GST) in the master wallet available on the portal of M/s Win here 2407. Subsequently, following transactions were undertaken by Mr. Anil during the month of October, 2023.

(i) Mr. Anil utilized the amount of ` 2,500 from the master wallet towards playing a virtual racing game on the portal. As a winning amount ` 11,000 was credited to the master wallet of Mr. Anil.

(ii) On another portal operated by M/s Win here 2407 in the name of Win 90, Mr. Anil placed a bet of face value of ` 12,000 on an international cricket match. The amount of such bet was paid through the master wallet with applicable taxes and accordingly, the bet amount of ` 12,000 with applicable taxes was transferred from the master wallet of Mr. Anil to the bank account of Win 90. However, he lost the bet.

(iii) Mr. Anil transferred the balance amount from the master wallet to his bank account after doing the aforesaid transactions.

Based on the information provided above, answer the following questions, providing reasons in brief:

(1) Compute the taxable value under GST law and total GST payable on the aforesaid given transactions in the

hands of M/s Win here 2407 in India.

(2) Determine the net amount transferred by Mr. Anil from the master wallet to his bank account after the aforesaid transactions.

Note:

Assume all the above transactions to be exclusive of GST unless otherwise specified. Rate of GST applicable is 28% (ignore the bifurcation of GST amount into CGST and SGST or IGST). Calculate amount of value and tax rounded off to nearest rupee. **[May 24-5 Marks]**

Answer-

(1) Computation of taxable value of supply and total GST payable

(i) **Value of supply** of online money gaming = Total amount deposited with the supplier by the player

= Initial deposit of ` 15,000 (inclusive of GST) by Mr. Anil with M/s Win here 2407 after excluding GST

= ` **11,719** (` 15,000 × 100/128) [rounded off]

GST payable = ` 11,719× 28%

= ` **3,281** (rounded off) **– [A]**

(ii) **Value of supply** of online bet = 100% of the face value of the bet

= ` **12,000**

GST payable = ` 12,000 × 28%

= ` **3,360 – [B]**

Total amount payable = [A] + [B] = ` 6,641

(2) Computation of net amount transferred by Mr. Anil from the master wallet to his bank account

Particulars	**Amount (`)**
Initial Deposit	15,000
Less – GST on deposit	(3,281)
Less – Payment for virtual racing game	(2,500)
Add – Winning from virtual racing game	11,000
Less – Payment for bet placed on Win 90	(12,000)
Less – GST on the bet placed on Win 90	(3,360)
Net balance transferred	**4,859**

Super Question 17–

Fortune 365 is an online money gaming platform operating from UAE. It provides its users a platform to play and win money in different games that are available on its portal.

In the month of December, Player A, an unregistered person located in India, deposited an amount of ` 10,000 (inclusive of GST) in the master wallet available on the portal of Fortune 365. Subsequently, following transactions were undertaken by Player A in said month:

i. Player A utilized the amount of ` 2,000 from the master wallet towards playing a virtual racing game on the portal. As a winning amount, ` 10,000 was credited to the master wallet of Player A.

ii. On another portal operated by Fortune 365 in the name of Bet 180, Player A placed a bet of face value of ` 11,000 on an international wrestling match. The amount of such bet was paid by the master wallet of Player A. However, he lost the bet and hence the bet amount of ` 11,000 with applicable taxes was transferred from the master wallet to the bank account of Bet 180.

iii. Player A transferred the balance amount from the master wallet to his bank account after the aforesaid transactions. Assume all the above transactions to be exclusive of GST unless otherwise specified.

iv. Rate of GST applicable is 28% (Please ignore the bifurcation of GST amount into CGST, SGST and IGST.)

Based on the information provided above, answer the following questions, providing brief reasons:

(1) Compute the total GST payable on the aforesaid given transactions.

(2) Determine the net amount transferred by Player A to his bank account after the aforesaid transactions.

(3) Ascertain whether Fortune 365 is required to obtain registration under GST in India. Will your answer be different if Player A is registered under GST in India? **[RTP May 24]**

Answer-

The value of online money gaming related supply shall be determined as per rule 31B. As per said rule, the value of supply of online gaming, including supply of actionable claims involved in online money gaming, shall be the total amount paid or payable to or deposited with the supplier by way of money or money's worth, including virtual digital assets, by or on behalf of the player.

Further, rule 31A provides the manner of determining the value of supply of actionable claim in the form of chance to win in betting. The value for such supply shall be 100% of the face value of the bet.

In accordance with the above provisions:

(1) Total GST payable on given transactions is as follows:

(i) Value of supply of online money gaming = Total amount deposited with the supplier by the player in terms of rule 31B
= Initial deposit of ` 10,000 (inclusive of GST) by Player A with Fortune 365 after excluding GST= ` 7,812.50 (` 10,000 × 100/128)
GST payable = ` 7,812.50 × 28%

= ` 2,188 **– [A]**

(ii) Value of supply of online bet = 100% of the face value of the bet in terms of rule 31A
= ` 11,000

GST payable = ` 11,000 × 28%)

= ` 3,080 **– [B]**

Total amount of GST that would be collected by the Government on the given transactions = [A] + [B] = 5,268 (rounded off)

(2) Total amount transferred by Player A to his bank account from the master wallet is as follows:

Particulars	Amount (`)
Initial Deposit	10,000
Less – GST on deposit	2,188
Less – Payment for virtual racing game	2,000
Add – Winning from virtual racing game	10,000
Less – Payment for bet placed on Bet 180	11,000
Less – GST on the bet place on Bet 180	3,080
Net balance available for transfer	**1,732**

(3) As per section 24(xia), every person supplying online money gaming from a place outside India to a person in India shall be required to obtain registration on a mandatory basis in India. Accordingly, Fortune 365 being a supplier of online money gaming operating from UAE and supplying services in India shall be liable to obtain registration compulsorily in India. The answer will not change irrespective of the fact that Player A is registered under GST in India or not.

Super Question 18–

Rajwada Operators Limited (ROL) is registered under GST in the State of Karnataka as an Electronic Commerce Operator (ECO). It owns and operates a web portal which supplies various goods and services on behalf of various sellers/service providers to its ultimate customers. Details of supplies undertaken through ROL in the month of October 2023 are as under:

(i) Sale of goods worth ` 1,47,500/- (including GST) by A Ltd., registered supplier of Rajasthan to B Ltd., Gujarat. Also, goods worth taxable value of ` 1,40,000/- sold by A Ltd., Rajasthan to B Ltd., Gujarat in the month of September 2023 were returned back in the month of October 2023.

(ii) Value of services provided from 21.10.23 to 30.10.23 by way of transportation of passengers by motor vehicles by X Ltd., registered under GST in Karnataka to Z Ltd., registered under GST in Karnataka amounting to ` 5,50,000/- (it includes ` 1,50,000/- against transportation services provided by omnibus).

(iii) Miss Zara of Mumbai books a room for 3 days and 2 nights in Raj Niwas Palace, Jodhpur, Rajasthan through Maharaja Resorts Ltd. (MRL), also an ECO registered under GST in Karnataka. MRL is integrated with ROL who has an agreement with Raj Niwas Palace. Raj Niwas Palace is registered under GST in Rajasthan and raises an invoice for ` 1,50,000/- to Miss Zara and receives ` 1,45,000/- from ROL for the same.

All the figures given above are exclusive of GST except wherever specified separately. Assume rate of CGST and SGST to be 9% each and IGST to be 18% on all inward and outward supplies of goods and services. Compute the amount of TCS to be collected by ROL for the month of October 2023.

Working notes should form part of your answer. **[May 24- 5 Marks]**

Answer-

(i) ROL is liable to collect tax at source under section 52 of the CGST Act, 2017 @ 0.5% under IGST of the net value of inter-State taxable supplies of goods (Value of taxable supplies made less value of supplies returned) made through it by the electronic commerce operator (ECO)

- A Ltd.

Net value of taxable supplies = ` 1,25,000 (` 1,47,500× 100/118) –

` 1,40,000 = Nil / (Negative Value) Thus, TCS to be collected is Nil.

(ii) ROL is liable to collect TCS, since the tax on services, by way of transportation of passengers by an omnibus provided by a company through ECO, is not payable by ECO, under section 9(5) of the CGST Act, 2017.

= ` 1,50,000 × 0.25%

=` 375 each under CGST and SGST

ROL is not required to collect TCS on transportation of passenger services by other motor vehicles supplied through it worth ` 4,00,000 as tax on the same is payable by ROL itself under section 9(5) of the CGST Act, 2017.

(iii) ROL, being supplier side ECO is liable to collect TCS @ 0.25% under CGST and 0.25% under SGST of the net value of intra-State taxable supplies of accommodation services made through it by Raj Niwas Palace.

= ` 1,50,000 × 0.25%

=` 375 each under CGST and SGST

Super Question 19–

M/S MN Ltd has a balance of ` 30,000 as CGST and ` 30,000 SGST in the electronic credit ledger in the beginning of April 2024. During the month of April, 2024, M/S MN Ltd has following liabilities:-

Particulars	**CGST (`)**	**SGST (`)**
GST Payable on outward supplies	10,000	10,000
GST payable as a consequence of proceeding instituted under the provision of GST law	5,000	5,000
GST payable on reverse charge supplies	6,000	6,000
Interest for default in late filing of GSTR-3B	500	500
Penalty	500	500
TOTAL	22,000	22,000

There is no input tax credit for the month of April 2024.

M/S MN Ltd is of the view that since opening balance in the electronic credit ledger is sufficient to discharge the whole liability for the month of April 2024, it is not required to deposit any tax for the above month.

Explain with reasons whether the contention of M/S MN Ltd is correct in view of the applicable provisions of the CGST Act, 2017.

If not, what would be the amount payable in cash for the month of April, 2024?

Also discuss in brief, the relevant provision of GST law. **[Nov 24-5 Marks]**

Answer-

The electronic credit ledger can be used for making payment of only output tax which is the tax chargeable on taxable outward supply, but excludes tax payable on reverse charge mechanism. It cannot be used for making payment of any interest, penalty, fees or any other amount payable under the GST law.

Accordingly, electronic credit ledger can be used for any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the GST law.

Thus, in view of the above-mentioned provisions, the contention of MN Ltd. is not correct.

Computation of amount payable in cash is as under: -

Particulars	**CGST (`)**	**SGST (`)**
GST payable on outward supplies	10,000	10,000
GST payable as consequence of proceeding instituted under GST law	5,000	5,000
Total	15,000	15,000
Less: ITC in Electronic Credit ledger	(15,000)	(15,000)
Balance	Nil	Nil
Add: GST payable on reverse charge supplies	6,000	6,000
Add: Interest for default in late filing of GSTR-3B	500	500
Add: Penalty	500	500
Total amount payable in cash	**7,000**	**7,000**

Super Question 20–

In an order passed dated 1st April 2023 issued to Sita Ram Pvt. Ltd., the Commissioner of Central Tax, being Revisionary Authority has confirmed IGST demand of ` 1400 crore, penalty of ` 200 crore and interest of ` 20 crore.

Sita Ram Pvt. Ltd. admits the tax liability, penalty and interest to the extent of ` 200 crore, ` 20 crore and ` 10 crore respectively but wishes to litigate the balance amount of demand and thus, Sita Ram Pvt. Ltd. deposits the required amount of pre-deposit on 12th April 2023 and files an appeal with the GSTAT.

GSTAT decides the appeal in favour of Sita Ram Pvt. Ltd. on 12th June 2023. Sita Ram Pvt. Ltd. submits an application seeking refund of the pre-deposit along with applicable interest on 2nd July 2023 and the department acknowledges the application on the same day. The amount of pre-deposit is refunded to Sita Ram Pvt. Ltd. on 15th October 2003.

With reference to provisions of the GST law, compute the amount of pre- deposit required to be deposited before filing an appeal to GSTAT and interest payable by the Department on refund of such pre-deposit, if any, along with necessary explanations. [May 24-**5 Marks]**

Answer:

The amount of pre-deposit to be made by Sita Ram Pvt. Ltd. for filing the appeal to the GSTAT is as under-

(i) full amount of tax, interest and penalty as admitted by it, i.e. ` 230 (200+20+10) crores and

(ii) 10% of the remaining tax in dispute, i.e. ` 120 crore (10% of ` 1,200 crore) subject to a maximum of ` 50 crores (in case of IGST).

= ` 280 crores

If the pre-deposit made by the appellant before the Tribunal is required to be refunded consequent to any order of the Tribunal, interest @ 9% p.a. shall be payable from the date of payment of the amount till the date of refund of such amount.

Period of delay counted from 12th April 2023 is 186 days

Interest (rounded off)= ` 50 crore × 9% × 186/366 = ` 2,28,68,853

Super Question 21–

GST Department initiated prosecution proceedings against Mr. Sahil, a taxable person under GST. Mr. Sahil collected ` 8 crore as GST but failed to pay the same to the Government beyond the period of three months from the date on which such payment became due.

He approached the Commissioner on 15.10.2023 with a request for compounding of offence. Mr. Sahil made full and true disclosure of facts relating to the case. After considering the request, the Commissioner directed him to pay an amount of ` 5.2 crore as compounding amount on 20.10.2023.

As per the provisions of section 138 of the CGST Act, 2017 read with relevant rule of the CGST Rules, 2017, examine the issue and provide the answers with supporting explanatory note to the following:

(1) Determine the minimum and maximum compounding amount which can be determined by the Commissioner.

(2) Is the amount determined by the Commissioner in this case within the limits prescribed under the GST law?

(3) In what time period will Mr. Sahil have to pay the compounding amount ordered by the Commissioner? [May 24-**5 Marks]**

Answer-

(1) Since Mr. Sahil has collected amount exceeding ` 5 crores as tax but failed to pay the same to the Government beyond a period of 3 months from the date on which such payment became due:

(i) minimum amount for compounding is 50% of the tax evaded, i.e.,

` 4 crore (50% of ` 8 crore).

(ii) maximum amount for compounding is 75% of the tax evaded i.e.,

` 6 crore (75% of ` 8 crore).

(2) Yes, the amount for compounding determined by the Commissioner

i.e. ` 5.2 crore is within the above limits prescribed under the GST law.

(3) Mr. Sahil has to pay the compounding amount ordered by the Commissioner within 30 days from the date of the receipt of the order.

Super Question 22–

Miss Meena is aggrieved by the order passed by the Assistant Commissioner and wants to file an appeal with Commissioner (Appeals). Her accountant, who looked after her GST related matters including filing of GST returns*/other compliances online, is on leave for one month. So, she decides to file the appeal manually.*

The order against which appeal is to be filed is available on the GST portal. There was no such notification issued by the commissioner that appeal can be filed manually.

With reference to the provisions of GST law, you are required to ascertain:-

(i) Whether Miss Meena can file an appeal to the commissioner (Appeals) in this case?

(ii) Whether decision taken by Miss Meena to manually file an appeal is valid?

Also explain the relevant legal provisions in support of your answer. **[Nov 24-5 Marks]**

Answer-

(i) An appeal may be filed to the Commissioner (Appeals) against an adjudicating order if such an order is passed by the Additional or Joint Commissioner.

However, where the order is passed by the Assistant Commissioner, the appeal is to be filed to any officer not below the rank of Joint Commissioner (Appeals).

Thus, in the given case, appeal cannot be filed to the Commissioner (Appeals), but to any officer not below the rank of Joint Commissioner (Appeals).

(ii) An appeal to the Appellate Authority may be filed manually only if-

(i) the Commissioner has so notified, or

(ii) the decision or order to be appealed against is not available on the common portal.

Therefore, in light of the facts of the given case, the appeal cannot be filed manually.

Super Question 23–

A notice for audit under section 65 is served by the proper officer on the basis of risk assessment to Ghoomghoom Pvt. Ltd. on 02.12.2023 for audit of financial years 2021-22 and 2022-23. The tax authorities visited its place of business on 20.12.2023 and requested for certain records, documents and books of accounts, from the company. The required records, documents and books of accounts are provided by Ghoomghoom Pvt. Ltd. on 30.12.2023. After in-depth checking of records, documents and books made available by Ghoomghoom Pvt. Ltd. during audit, the audit was completed on 25.03.2024 and audit findings were communicated to the taxpayer in prescribed form by said date. However, the accountant of Ghoomghoom Pvt. Ltd. is of the view that-

(i) the tax authorities have completed the audit of Ghoomghoom Pvt. Ltd. after the lapse of the maximum time-period permitted by the GST law and

(ii) the tax authorities cannot conduct the audit of two financial years at a time.

Ghoomghoom Pvt. Ltd. has approached you to advise you on the said issues. You are required to determine the technical veracity of the above views of the accountant of Ghoomghoom Private Ltd. on the same with reference to the relevant provisions of the GST law. **[RTP Nov 24]**

Answer-

As per section 65, audit of any registered person may be undertaken by:

- the Commissioner; or
- any officer authorized by him, by way of a general or a specific order.

The audit shall be completed within a period of 3 months from the date of commencement of the audit. However, where the Commissioner is satisfied that audit in respect of such registered person cannot be completed within 3 months, he may, for the reasons to be recorded in writing, extend the period by a further period not exceeding six months.

For the purposes of this sub-section, the expression "commencement of audit" shall mean:

(a) the date on which the records and other documents, called for by the tax authorities, are made available by the registered person

or

(b) the actual institution of audit at the place of business, whichever is later.

In the given case, the date of commencement of audit shall be determined as follows:

(a) The date on which requisite information is made available by Ghoomghoom Private Ltd., i.e., on 30.12.2023.

(b) The date of the actual institution of audit at the place of business, i.e., on 20.12.2023

whichever is later.

Therefore, the date of commencement of the audit shall be 30.12.2023

Accordingly, the audit has to be completed within 3 months from the date of commencement of the audit, i.e., by 30.03.2024.

Thus, in the given case, the audit was completed by the tax authorities within 3 months from the date of commencement of the audit, i.e., before 30.03.2024. Resultantly, the view of the accountant of Ghoomghoom Pvt. Ltd. that the audit by the tax authorities was completed after the maximum time period prescribed by law for the same, is not correct.

Further, as per section 65 read with rule 101(1), the period of audit to be conducted under said section shall be a financial year or part thereof or multiples thereof. Thus, the view of the accountant that audit cannot be conducted for two financial years is also not correct.

Super Question 24–

Agora Ltd. exported certain goods to its customer located in Germany against which a refund of IGST amounting to ` 50 lakh was claimed and received by Agora Ltd. The sale proceeds covering 50% of the value of exports were immediately received by Agora Ltd. However, due to financial constraints, the customer failed to pay the balance amount of sale proceeds within the permissible time limits under regulatory provisions prevailing in India.

In view of the aforesaid scenario:

a) Determine the amount of refund, if any, which Agora Ltd. is required to deposit back. Also, discuss the time limit which is permissible under law within which the sale proceeds in respect of exported goods should have been realized by Agora Ltd.

b) Will your answer to sub-part (a) differ if the Reserve Bank of India writes off the requirement of realisation of sale proceeds on merits?

c) Whether Agora Ltd. can claim the refund back in case sale proceeds are realised at a later date? **[RTP Nov 24]**

Answer-

a) As per proviso to section 16(3) of the IGST Act, 2017 read with rule 96B(1) of the CGST Rules, 2017, in the given case, Agora Ltd. shall deposit the amount of refund proportionate to the sale proceeds not realized i.e. 50% of the value of exports. The amount of such refund is ` 25 lakh alongwith applicable interest under section 50. Further, such amount is required to be deposited by Agora Ltd. within 30 days of the expiry of the time period allowed under Foreign Exchange Management Act, 1999, including any extension of such time period permitted.

b) As per proviso to rule 96B, where sale proceeds, or any part thereof, in respect of such export goods are not realised by the applicant within the time period allowed under the Foreign Exchange Management Act, 1999, but the Reserve Bank of India writes off the requirement of realisation of sale proceeds on merits, the refund paid to the applicant shall not be recovered. Thus, if the RBI writes off the requirement of realisation of sale proceeds by Agora Ltd., the refund amount received by Agora Ltd. is not liable to be recovered.

c) As per rule 96B(2), where the sale proceeds are realised by the applicant, in full or part, after the amount of refund has been recovered from him under rule 96B(1) and the applicant produces evidence about such realisation within a period of 3 months from the date of realisation of sale proceeds, the amount so recovered shall be refunded by the proper officer, to the applicant to the extent of realisation of sale proceeds, provided the sale proceeds have been realised within such extended period as permitted by the Reserve Bank of India.

In case the refund amount is deposited by Agora Ltd. alongwith interest as per rule 96B(1) on account of non-realization of sale proceeds from the customer, which is realized on a later date, Agora Ltd. can claim the refund within 3 months from the date of realization of sale proceeds in proportion of the sale proceeds recovered. However, in order to claim such refund, the sale proceeds should have been realized within such extended period as may be permitted by the RBI.

Super Question 25–

Bhagwan Manufacturers & Exporters Company (BMEC) is registered under GST in the State of Rajasthan and supplies various goods in domestic as well as in international markets. It is engaged in both manufacturing and trading of goods. It exports goods without payment of tax under bond or letter of undertaking in accordance with the provisions of section 16(3) of the IGST Act, 2017.

BMEC provides the following information in relation to various supplies made by it during October, 2023 tax period:

S. No	Particulars	(`)
1.	Taxable value of goods 'Star' supplied within India	14,00,000/-
2.	Taxable value of goods 'Sun' exported without payment of tax under letter of undertaking. (However, taxable value of such goods when supplied domestically by BMEC in similar quantities is ` 6,00,000).	10,00,000/-
3.	Taxable value of goods 'Moon' exported without payment of tax under bond. (However, taxable value of such goods when supplied domestically by BMEC in similar quantities is ` 1,50,000)	2,00,000/-

The input tax credit (ITC) availed for the above tax period is as follows:

S.No.	Particulars	(`)
1	Input tax credit availed on capital goods	1,00,000/-
2	Input tax credit availed on inputs	3,00,000/-

3	Input tax credit availed on inputs services	1,50,000/-
BMEC also provided following additional information:		
(i)	All the above inputs, input services and capital goods are used in manufacturing process and all the conditions for availing input tax credit have been complied with.	
(ii)	The balance in the electronic credit ledger of BMEC at the time of filing the refund application is ` 1,50,000/-.	
(iii)	The balance in the electronic credit ledger of BMEC at the end of the October 2023 tax period for which the refund claim is being filed after GSTR-3B for the said period has been filed is ` 3,25,000/-	

You are required to compute the amount refundable to Bhagwan Manufacturers & Exporters Company against accumulated unutilized input tax credit for October 2023 tax period according to the provisions of GST law by giving necessary explanations for treatment of various items.

[May 24-5 Marks]

Answer-

As per rule 89(4) of the CGST Rules, 2017, in the given case, refund of ITC in the case of zero-rated supply of goods without payment of tax under bond/LUT is as follows:

$$\text{Refund Amount} = \frac{\text{Turnover of zero-rated supply of goods}}{\text{Adjusted Total Turnover}} \times \text{Net ITC on inputs and input services}$$

$$\frac{[9{,}00{,}000^{*} + 2{,}00{,}000^{**}]}{[9{,}00{,}000 + 2{,}00{,}000 + 14{,}00{,}000} \times [1{,}50{,}000 + 3{,}00{,}000]$$

=` 1,98,000

*Turnover of goods 'Sun' = Lower of (i) ` 6,00,000 × 1.5 or (ii) ` 10,00,000,

i.e. ` 9,00,000

**Turnover of goods 'Moon' = Lower of (i) ` 1,50,000 × 1.5 or (ii) ` 2,00,000,

i.e. ` 2,00,000

Refundable amount is the least of the following:

(a) Refund as per rule 89(4) of the CGST Rules, 2017 [` 1,98,000]

(b) Balance in ECL at the time of filing refund application, [` 1,50,000] and

(c) Balance in ECL at the end of October 2023 for which refund is being filed after the return in Form GSTR-3B for the said period has been filed [` 3,25,000]

Thus, the refundable amount is ` 1,50,000.

ITC is on capital goods is not eligible for refund.

***** It has been most logically presumed that ITC figures given in the question pertains to both CGST and SGST or IGST.

Super Question 26–

Product 'Hexa' was imported by Mr. Narayan by air. The details of the import transaction are as follows:

Particulars	US $
Price of 'Hexa' at exporter's factory	8,000
Freight from factory of the exporter to load airport (airport in the country of exporter)	500
Loading and handling charges at the load airport	500
Freight from load airport to the airport of importation in India	4,000
Insurance charges	2,000

Though the aircraft arrived on 24th November, the bill of entry for home consumption was presented by Mr. Narayan on 20th November.

The other details furnished by Mr. Narayan are:

	20th November	24th November
Rate of basic customs duty	15%	10%
Exchange rate notified by CBIC	` 70 per US$	` 73 per US$
Exchange rate prescribed by RBI	` 72 per US$	` 74 per US$
Integrated tax leviable under section 3(7) of the Customs Tariff Act, 1975	15%	12%

Compute-

(i) value of product 'Hexa' for the purpose of levying customs duty

(ii) total customs duty and tax payable **[RTP May 24]**

Answer-

Computation of assessable value of product 'Hexa'

Particulars		Amount
Ex-factory price of the goods 'Hexa'		8,000 US $
Freight from factory of the exporter to load airport (airport in the country of exporter)	500 US $	
Loading and handling charges at the load airport	500 US $	
Freight from load airport to the airport of importation in India	4,000 US $	

Total cost of transport, loading and handling charges associated with the delivery of the imported goods to the place of importation	5,000 US $	
Add: Cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation (restricted to 20% of FOB value) [Note 1]		1,800 US $
Insurance (actual)		2,000 US $
CIF for customs purpose		11,800 US $
Value for customs purpose		11,800 US $
Exchange rate as notified by CBIC [Note 2]		` 70 per US $
		Amount (`)
Assessable value (` 70 x 11,800 US $)		**8,26,000**
Add: Basic customs duty @ 10% [Note 3]		82,600
Add: SWS @ 10%		8,260
Value for the purpose of levying integrated tax [Note 4]		9,16,860
Add: Integrated tax @ 12%		1,10,023.20
Total duty & tax payable (rounded off)		**2,00,883**

Notes:

(1) In the case of goods imported by air, the cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation shall not exceed 20% of the FOB value of the goods [Fifth proviso to rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007].

FOB value in this case is the ex-factory price of the goods (8,000 US $) plus the cost of transport from factory to load airport (500 US $) plus loading and handling charges at the load airport (500 US $) which is 9,000 US $.

(2) Rate of exchange as notified by CBIC on the date on which bill of entry is presented under section 46 of the Customs Act, 1962 is to be considered [Clause (a) of the explanation to section 14 of the Customs Act, 1962].

(3) Section 15 of the Customs Act, 1962 provides that rate of duty shall be the rate in force on the date of presentation of bill of entry or the rate in force on the date of arrival of aircraft, whichever is later.

(4) Integrated tax is levied on the sum total of the assessable value of the imported goods and customs duties [Section 3(8) of the Customs Tariff Act, 1962]. Social Welfare Surcharge (SWS) leviable on integrated tax has been exempted.

Super Question 27–

Shivansh Ltd. imported a machine from Germany for ` 180 lakh during the month of March 2022 on payment of all duties of customs. Due to some technical manufacturing defect the machine was exported (sent back) to supplier for repairs in October 2022. The machine was re- imported without any re-manufacturing or reprocessing in August 2023 after repairs. Since the machine was under warranty period, the repairs were carried out free of cost.

However, the fair cost of repairs carried out (excluding cost of material ` 10 lakh) would have been ` 5 lakh. Actual insurance and freight charges (to and from) were ` 5 lakh (` 2.50 lakh each side). The ownership of machinery has not been changed during the period.

You are required to advice Shivansh Ltd. on the concessions (if any) available for importation of the machinery after repairs, also state the conditions to be satisfied for availing such concession.

Also compute the customs duty and integrated tax payable (if any) on the re-import of the machine after repairs.

The rate of basic customs duty is 15% and integrated tax is 12%. Ignore Agriculture infrastructure and development cess. **[RTP May 24]**

Answer-

As per Notification No. 45/2017 Cus. dated 30.06.2017, duty payable on re-importation of goods which had been exported for repairs abroad is the duty of customs which would be leviable if the value of re-imported goods after repairs were made up of the fair cost of repairs carried out including cost of materials used in repairs (whether such costs are actually incurred or not), insurance and freight charges, both ways. However, following conditions need to be satisfied for availing this concession:

(a) goods must be re-imported within 3 years, extendable by further 2 years, after their exportation;

(b) exported goods and the re-imported goods must be the same;

(c) ownership of the goods should not change.

Since all the conditions specified above are fulfilled in the given case, the customs duty payable on re-imported goods will be computed as under:

Particulars	`
Value of goods re-imported after exports [Cost of materials ` 10 lakh + fair cost of repairs ` 5 lakh + actual insurance and freight Rs. 5 lakh]	20,00,000
Add: Basic customs duty @ 15% **(A)**	3,00,000
Add: Social Welfare Surcharge @ 10% on ` 3,00,000 **(B)**	30,000
Value for computing integrated tax	23,30,000
Integrated tax @ 12% (` 23,30,000 x 12%) - **(C)**	2,79,600
Customs duty and integrated tax payable [(A) +(B)+ (C)]	**6,09,600**

Super Question 28–

Paramjit Ltd. imported a machine from Oliver Equipments, UK. The FOB price of the machine was settled at 6,000 UK Pound. The machine was shipped on 01.10.2023. Meanwhile, Paramjit Ltd. re-negotiated the price of the machine with Oliver Equipments which agrees on the reduced price of 5000 UK pound on 10.10.2023. The machine arrived in India on 18.10.2023. Other details pertaining to machine are as under:

(i) License fee that the buyer was required to pay in UK as a condition of sale was 500 UK Pound

(ii) Buying commission paid in India was ` 20,000

(iii) Cost of transport from UK port to Indian port is ` 40,000. Apart from this, due to deep draught at the port, machine was not taken to the jetty in the port but was unloaded at the outer anchorage. The additional charges incurred for such unloading and transport of machine from outer anchorage to the jetty in barges (small boats) were ` 10,000.

(iv) Date of presentation of bill of entry was 15.10.2023 and the rate of exchange notified by CBIC on this date was ` 100 per pound. Rate of basic customs duty was 10%.

(v) Date of entry inwards was 18.10.2023 and the rate of exchange notified by CBIC on this date was ` 105 per pound. Rate of basic customs duty was 15%.

(vi) Insurance premium details were not ascertainable.

Compute the assessable value and basic customs duty payable (rounded off to nearest one rupee) by Paramjit Ltd. **[RTP Nov 24]**

Answer-

As per section 14 of the Customs Act, 1962, the value of the imported goods is the transaction value, which means the price actually paid or payable for the goods at the time and place of importation. Further, the Supreme Court in case of Garden Silk Mills v. UOI 1999 (113) E.L.T. 358 held that importation gets complete only when the goods become part of mass of goods within the country.

Since in the instant case, the price of the goods was reduced when the goods were in transit, i.e. before the goods arrived in India, the goods should be valued as per the revised reduced price of 5,000 UK pound, which was the price payable at the time of importation.

Computation of assessable value and basic customs duty payable by Paramjit Ltd

Particulars	**Amount**
FOB value of machine	5,000 UK Pound
Add: License fee required to pay in UK (Licence fee relating to imported goods payable by the buyer as a condition of sale is includible in the assessable value)	500 UK Pound
Customs FOB	5,500 UK Pound
	Amount (`)
Value in rupees (5500 x ` 100) Rate of exchange as notified by CBIC on the date on which bill of entry is presented under section 46 of the Customs Act, 1962 is to be considered [Explanation to section 14 of the Customs Act, 1962].	5,50,000

Add: Buying commission (Buying commission is not included in the assessable value)	Nil
Add: Cost of transport including barge charges (In case where the big mother vessels cannot enter	50,000
the harbour for any reason and goods are brought to the docks by smaller vessels like barges, small boats, etc., the cost incurred by the importer for bringing the goods to the landmass, such as lighterage charges, barge charges will be included in the cost of transportation. In other words, the cost of transport of the imported goods includes ship demurrage charges on chartered vessels, lighterage charges or barge charges.)	
Add: Insurance [If insurance cost is not ascertainable, the same shall be added @ 1.125% of FOB value of the goods.]	6187.50
CIF value / Assessable value	6,06,187.50
Basic customs duty @ 15% (` 6,06,187.50X 15%) (Rounded off) [Section 15 of the Customs Act, 1962 provides that rate of duty shall be the rate in force on the date of presentation of bill of entry or on the date of entry inwards, whichever is later.]	90,928

Super Question 29–

Varun Goyal, an IT professional and a person of Indian origin, is residing in USA for the last 14 months. He wishes to bring a used microwave oven (costing approximately ` 1,85,500/- and weighing 15 kg) with him during his permanent return to India. He purchased the oven in USA 6 months before and he has been using that oven for his personal use in his kitchen. He is not aware of Indian customs rules.

Analyze and summarize the related legal provision of the Baggage Rules, 2016 and provide him with some advice in this regard. Relevant legal provisions should form part of your answer. [May 24-**4 Marks]**

Answer-

A person, who is engaged in a profession abroad shall, on return after a minimum stay of 1 year during the preceding 2 years, be allowed clearance free of duty, inter alia, personal and household articles, including specified articles upto an aggregate value of ` 2,00,000.

One of such specified articles is Microwave oven. However, the Indian passenger should not have availed this concession in the preceding 3 years.

Thus, Varun Goyal can bring Microwave oven duty free provided he had not availed this concession in the preceding 3 years.

Super Question 30–

Mr. Pandya imported certain raw material from Japan. However, Mr. Pandya was not able to furnish certain supporting documents related to the said raw material imported along with the Bill of Entry for home consumption. Mr. Pandya requested the customs officials to deposit the said imported goods in a public bonded warehouse for a period of 20 days so that he obtains the required documents. The Customs officer initially denied for allowing warehousing and afterwards insisted Mr. Pandya to execute an indemnity bond for the goods to be deposited in the warehouse.

Examine the correctness of the stand taken by the Customs Officer. [May 24-**4 Marks]**

Answer-

Where Assistant/Deputy Commissioner of Customs is satisfied on an application of the importer that the imported goods, entered for home consumption / warehousing cannot be cleared within a reasonable time, such goods may, pending clearance/removal, be permitted to be stored in a public warehouse for a period not exceeding 30 days.

Such goods shall not be deemed to be warehoused goods for the purpose of the Customs Act, 1962 and accordingly warehousing provisions shall not apply to such goods. This is popularly known as warehousing without warehousing.

Thus, goods imported by Mr. Pandya can be stored in the public warehouse for a period of 30 days.

However, the stand taken by the Customs officer to insist him to execute an indemnity bond for goods to be deposited in warehousing is not valid in law since warehousing provisions are not applicable to such goods.

Super Question 30A–

Mr. Sahil, an importer, had made provisional payment of customs duty of ` 2,00,000 under section 18 of the Customs Act, 1962 on 17th July, 2023, along with a security of ` 1,00,000 towards provisional release of goods. Final assessment was completed on 15th October, 2023 with a duty assessed as ` 50,000. The refund order of ` 50,000 and the order of release of security of ` 1,00,000 was issued on the same day (15th October, 2023).

Mr. Sahil had filed a refund application on 20th October, 2023 alongwith necessary documents. On perusal of the refund application, proper officer had found some deficiencies which were communicated to Mr. Sahil.

Mr. Sahil had submitted the required additional documents and proper officer had issued an acknowledgement on 5th November, 2023. Refund was paid to him on 25th March, 2024.

You are required to compute interest receivable by Mr. Sahil under section 27A of the Customs Act, 1962 on amount of duty and on amount of security if any.

Calculation should be nearest to one rupee and assume 366 days in the year. [Nov 24-**4 Marks]**

Answer-

In case of provisional assessment of duty, if any amount refundable upon finalization of assessment to the importer is not refunded within 3 months from the date of final assessment of duty, interest @ 6% per annum shall be paid on such unrefunded amount till the date of refund of such amount.
No interest is payable on security deposits for provisional release of goods, etc.
Thus, in the given case, the amount of interest receivable by Mr. Sahil is as under: -

16th January, 2024 to 25th March, 2024 (Both inclusive) Period of delay = 70 days

Thus, interest = `50,000×6% × 70/366

= `574 (rounded off)

Note: Please read ‘section 27A in the question as section 18.

Super Question 30B–

Chirag imported a machine from China at ` 100 lakh in May, 2023 on payment of all duties of customs. The said machine was exported (sent back) to the supplier for repairs in August, 2023 and re-imported without any re manufacturing or reprocessing in March, 2024 after repairs as per the terms of warranty. The repairs were carried out free of cost but 50% of the cost of material was to be borne by Chirag. Following details are available in relation to the repairs: Fair cost of repair (excluding cost of material) Cost of material used in repairs ` 4,00,000 Actual insurance and freight paid towards send back to supplier ` 5,00,000 ` 1,00,000 Actual insurance and freight paid toward re-importation ` 1,20,000 Value for the purpose of levy of customs duty for such repairs under section 20 of the Customs Act, 1962: [Nov 24- 2 Marks]

A. ` 11,20,000

B. ` 8,70,000/-

C. ` 7,50,000/-

D. ` 7,70,000/-

Answer- A. ` 11,20,000

Super Question 30C–

Keshav of Bengaluru imported 2000 pieces of certain dutiable goods from China during the month of April, 2024. The Central Government has imposed Anti-Dumping Duty from 1st April, 2024 by way of notification in the Official Gazette under section 9A of the Customs Tariff Act 1975. Details regarding import are as below:

Particular	Amount per piece
Normal Value (Comparable price in China)	$ 120
Export Price	$ 60
Landed Value of dumped item	$75
Fair Selling price (Non injurious price)	$ 105

Rate of exchange relevant for conversion is ` 80 per $

Maximum Amount of anti- dumping to be payable by Keshav on 2,000 pieces of dutiable goods is: **[Nov 24- 2 Marks]**

E. ` 48,00,000/-

F. ` 96,00,000/-

G. ` 72,00,000/-

H. ` 24,00,000/-

Answer- A- ` 48,00,000/-

Super Question 30D–

Ms. Paarvati, an Indian resident who was on a visit to USA, returned after 1 year for contesting in assembly elections of her State. She was carrying with her the following items:

(i) Personal effects ` 59,000

(ii) Laptop computer ` 37,000

(iii) Jewellery - 25 grams (purchased in USA) ` 67,000

(iv) Music system ` 1,25,000

Compute the customs duty payable by Ms. Paarvati with reference to the Baggage Rules, 2016. Ignore Agriculture Infrastructure and Development Cess. **[RTP May 24]**

(a) ` 28,875

(b) ` 54,670

(c) ` 68,915

(d) ` 43,120

Answer- (a)` 28,875

Super Question 30E–

Define Status Holder under Foreign Trade Policy. Which categories of exporter firms are eligible for recognition as a Status Holder and what are the criteria towards recognition as Status Holder?

Also state what would be the minimum threshold limit of export performance of Status holders for various categories of Star Export House. **[Nov 24- 4 Marks]**

Answer-

Status Holder is an exporter recognized for export performance by a Regional Authority. Status Holders are exporter firms recognized on the basis of their export performance as business leaders who have excelled in international trade and have successfully contributed to country's foreign trade.

All exporters of goods, services and technology having an import-export code (IEC) number, on the date of application, shall be eligible for recognition as a status holder based on export performance.

An applicant may be categorized as status holder on achieving the threshold export performance in the current and preceding three financial years as indicated below:

Status category	Export Performance (Threshold in USD Million)
One Star Export House	3
Three Star Export House	50
Four Star Export House	200
Five Star Export House	800