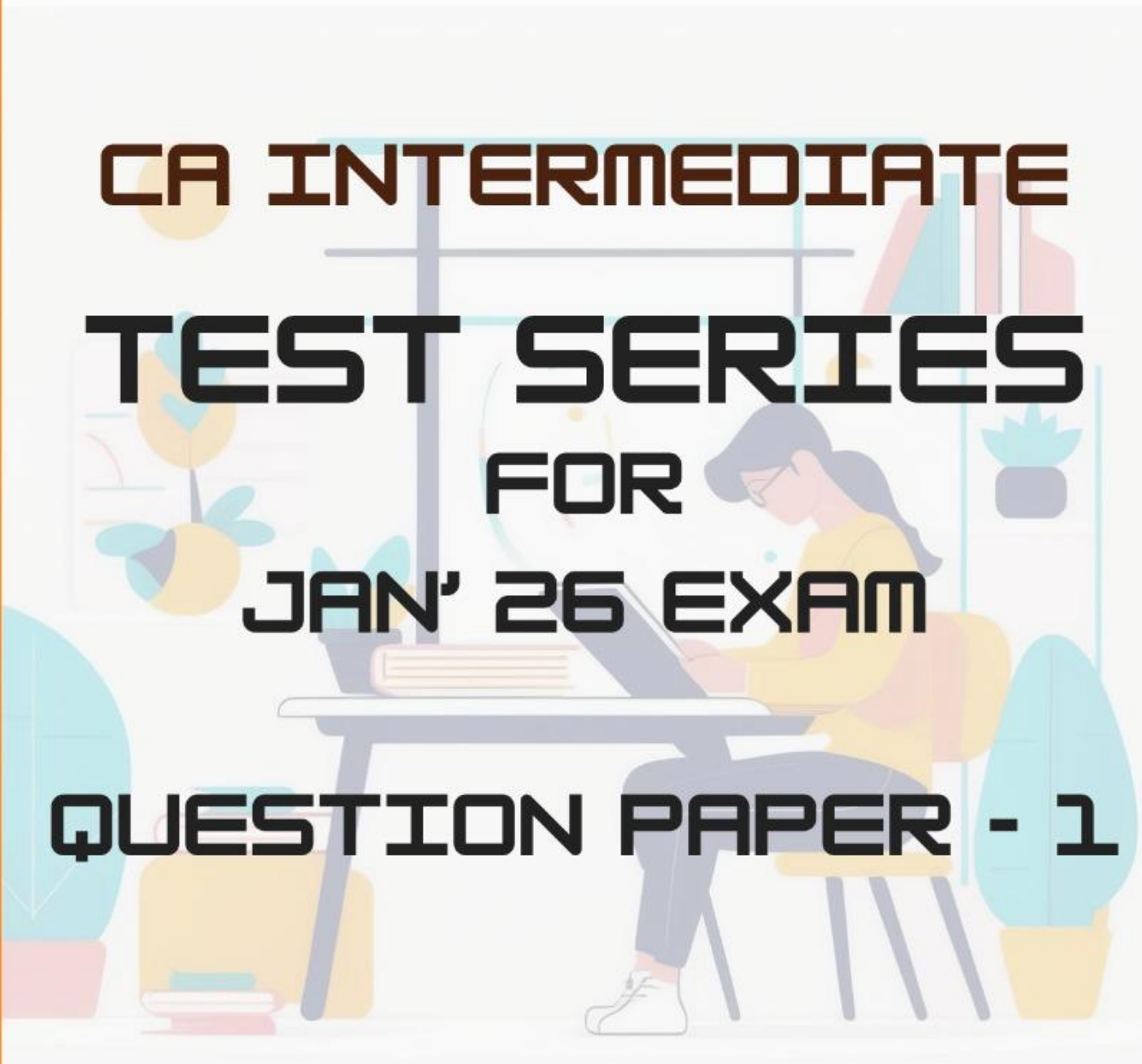




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TEST SERIES



CA INTERMEDIATE TEST SERIES FOR JAN' 26 EXAM QUESTION PAPER - 1

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CA INTER TEST SERIES JAN' 26 EXAM**TEST – 1****Portion Covered**Introduction to GSTSupply under GSTLiability to pay GSTExemptionsPlace of supplyTime of supply**Section – A: MCQ'S (8 Marks)****Case Scenario - I**

Manavtaa Trust ('trust') is a charitable trust registered under section 12AB of the Income-tax Act, 1961. The trust is well known for its educational, charitable and religious activities. The trust became liable to registration under GST in the current financial year since it exceeded the threshold limit for registration and thus, registered in the State of Gujarat in the month of May.

In the month of June, a multinational company, Dhruvtara Ltd., gifted 500 laptops worth ₹ 50 lakh to the trust free of cost for charitable purposes, without any intention of seeking any benefit by way of business promotion from such activity. The trust distributed these laptops for free of cost in the same month to the deprived students for assisting them in their higher studies.

The trust also runs a higher secondary school in the name of Manavtaa Higher Secondary School in the state of Gujarat. In the month of July, the trust availed security personnel services from 'Perfect Security Solutions', Gujarat, a proprietorship concern, for security of the school premises for a consideration of ₹ 2,00,000. It also received legal consultancy services from 'Maya & Co.', a firm of advocates for the issues relating to the said school for ₹ 1,20,000, in the same month.

The trust furnished following information regarding the expenses incurred by it in the month of August; all transactions being inter-State:

- (i) Services received and used for supplying taxable outward supplies – ₹ 3,50,000.
- (ii) Catering services received for students of Manavtaa Higher Secondary School – ₹ 2,00,000.
- (iii) Bus purchased with seating capacity of 25 persons including driver – ₹ 10,50,000 (Bus was delivered in the first week of September).

The trust provided the following information in respect of the services provided by it during the month of August:

- (iv) It runs an old age home for citizens aged 65 years or more. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance are charged from each member. The total number of members is 20.
- (v) It rents out a community hall situated within the precincts of a temple managed by it on 15th August for a religious function in the first half for ₹ 5,000 and for an art exhibition in second half for ₹ 6,000.

(vi) It rents out the rooms in the precincts of said temple to the devotees for a rent of ₹ 950 per room per day. Total rent collected in August amounts to ₹ 35,000.

All the figures given above are exclusive of taxes wherever applicable. Aggregate turnover of the trust for the preceding financial year was ₹ 15 lakh. All the conditions necessary for availment of ITC are fulfilled subject to the information given. The trust intends to avail exemption from GST wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4-

1. Which of the following activities of the trust does not amount to supply under the GST law?
 - a) Free laptops distributed to the deprived students
 - b) Boarding, lodging and maintenance of the senior citizens by the old age home run by the trust
 - c) Renting of community hall situated within the precincts of the temple managed by the trust
 - d) Renting of rooms in the precincts of the temple managed by the trust

[2 MARKS]

2. Compute the value of inward supplies on which tax is payable by the trust under reverse charge, for the month of July.
 - a) ₹ 2,00,000
 - b) ₹ 3,20,000
 - c) ₹ 1,20,000
 - d) Nil

[2 MARKS]

3. Compute the value of exempt supply made by the trust for the month of August.
 - a) ₹ 3,00,000
 - b) Nil
 - c) ₹ 3,35,000
 - d) ₹ 35,000

[2 MARKS]

4. Compute the value of taxable supply made by the trust for the month of August.
 - a) ₹ 3,00,000
 - b) ₹ 11,000
 - c) Nil
 - d) ₹ 35,000

[2 MARKS]

Case Scenario - II

Vintage Cinemas Pvt. Ltd. (VCPL) is a leading chain of multiplexes operating in several States across India. The company has its corporate office in Mumbai, Maharashtra and is registered under GST in multiple States including Maharashtra. The company offers movie tickets, food and beverages and other entertainment-related services. They are required to pay Entertainment tax, Local body tax and GST on the ticket price.

The turnover of the company in the preceding financial year as per the audited financial statements was ₹ 175 crore. The company crossed the aggregate turnover of ₹ 35 crore till June in the current year. VCPL has obtained separate registration in each state, where they are operating multiplexes.

In July, VCPL opened a new multiplex in Surat, Gujarat and another multiplex in Pune, Maharashtra wherein the commercial operations will commence from August 1. Due to operations in multiple States, the finance and accounts operations are handled by a centralized team at the corporate office. The same team is also responsible for filing the GST returns for all the GST registrations of the company in multiple states.

The company is also engaged in leasing of space to independent vendors in its food court against rental charges for the purpose of increasing the source of revenue.

The company obtained a new office building in Mumbai under a rental agreement and paid an amount of ₹ 5 crore as refundable security deposit to the owner of the premises. The term of the rental agreement is 5 years.

The company also dispatched advertisement material worth ₹ 35 lakh from Mumbai, Maharashtra to Surat, Gujarat Multiplex and to Pune, Maharashtra Multiplex, for the upcoming movies by way of transport through road in September. The company has not claimed input tax credit on such advertisement material at the time of receipt in Maharashtra.

The company produced a movie with superstar Rajnikanth and has offer free premiers in their theatres to Various celebrities. Also, they allowed fans to watch premier by paying ₹1,500 per ticket and they provided free meal along with beverage worth ₹500 to the audience in such premier. They have not availed ITC on the meal and free beverage.

The rate of tax applicable on all inward and outward supplies is 18% IGST, 9% CGST and 9% SGST and the rate applicable for food and beverages is 5% IGST, 2.5% CGST and 2.5% SGST.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.4 below -

1. Which of the following activities of company (VCPL) constitutes supply under GST?
 - (i) Leasing of space to independent vendors in its food court against rental charges
 - (ii) Dispatch of advertisement material to Surat, Gujarat
 - (iii) Dispatch of advertisement material to Pune, Maharashtra
 - (iv) Allowing celebrities to watch the premier show
 - a) (i), (ii) and (iii)
 - b) (i) and (ii)
 - c) Only (i)
 - d) (i), (ii), (iii) and (iv)

[2 MARKS]

2. What is the GST payable on amount collected from fans towards sale of premier tickets for ₹1,500.
 - a) ₹270
 - b) ₹75
 - c) ₹205
 - d) ₹180

[2 MARKS]

3. Which of the following statement is correct for facts given above
- a) VCPL is not required to pay Local body tax as the same is subsumed in GST
 - b) VCPL is not required to Entertainment tax, whether levied by Bombay Municipal Corporation or State Government of M.H, as the same is subsumed in GST
 - c) VCPL is required to pay Entertainment tax levied by Bombay Municipal Corporation, as the same is not subsumed in GST
 - d) VCPL is required to pay Local body tax as well as entertainment tax levied by Bombay Municipal Corporation, as the same is not subsumed in GST.

[2 MARKS]

4. In respect of the refundable security deposit given by VCPL, _____.
- a) GST is payable on the deposit amount by the owner of the premises.
 - b) GST is payable on the deposit amount by VCPL.
 - c) There is no requirement to pay GST by the owner or VCPL.
 - d) GST is payable in equal proportion over the term of rent agreement by the owner of premises.

[1 MARK]

Section B: Descriptive
(Question No. 1 is compulsory and answer any 2 out of 3 given below)
QUESTION 1(A):

Galaxy Cube Private Ltd., a registered person in Bharuch, Gujarat, engaged in various lines of business, provided the following details regarding its transactions made during the month of May 2025:

Particulars	Amount
a) Supplied a latest technology laptop with touch screen option to Managing Director's friend (Open market value as well as sale to unknown customers was at ₹ 90,000)	₹60,000
b) Supplied printed letter cards to M K Industries, a registered person in Gandhinagar, Gujarat. Logo design was supplied by M K Industries. Out of ₹ 5,00,000, Materials cost was ₹ 4,00,000 and balance was Printing cost.	₹5,00,000
c) Provided services of transportation of passengers by an Omnibus through an Electronic Commerce Operator (ECO).	12,58,000
d) Provided catering services to Excel University of Patna, Bihar, which is recognized by UGC for granting recognised qualification	2,12,000
e) Provided commissioning services under pure labour contract to M/s. Raj Builders for multi-storey residential complex.	4,50,000
f) Paid towards rent to Local Municipal Corporation for the shop taken on rent at a Bus Terminal in Gujarat.	1,00,000
g) Stock transferred without consideration to its branch in Gujarat and branch has the same GSTIN	1,25,000
h) Paid to Mr. Mahajan, whose residential house was taken on rent for MD of the company for his residential use.	50,000
i) Paid as donation to a local old age home for setting a water cooler where the name of the company is embedded on the water cooler to express their support for the good cause	4,50,000

Additional Information :

- (i) All the figures given above are exclusive of GST.
- (ii) All inward and outward supplies are intra-state.
- (iii) Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.
- (iv) GST rates for goods are 6% CGST, 6% SGST and GST Rates for services are 9% CGST, 9% SGST.

Compute the GST payable (FCM as well as RCM) by Galaxy Cube Private Ltd. for the month of May 2025.

[10 MARKS]
QUESTION NO. 1(B):

Razor Online Pvt. Ltd., a company registered under GST in Maharashtra, is a **Payment Aggregator (PA)** regulated by the **Reserve Bank of India (RBI)**. It facilitates digital payments for thousands of small merchants and e-commerce platforms.

Razor Online receives customer payments through **credit cards, debit cards, and UPI**, collects the funds in an **escrow account**, and settles them to the merchants within the RBI-prescribed timeline. It charges a nominal **transaction fee** for each payment processed.

In addition to that they **Payment Gateway (PG)** services (i.e., facilitating transaction routing and security authentication for online payments, but not handling funds), and charges platform usage fees to online merchants.

In the month of **May 2025**, the following transactions were recorded:

Type of Service Provided	Avg. Transaction Value	Total No. of Transactions	Fees Charged (Total)
Payment settlement (card transactions)	₹1,500	20,000	₹4,00,000
Payment settlement (UPI transactions)	₹2,500	10,000	₹3,00,000
Payment gateway charges (Card transactions)	₹1,500	20,000	₹3,60,000
Payment gateway charges (UPI transactions)	₹2,500	10,000	₹2,60,000

Compute the GST liability of Razor Online Pvt. Ltd. For the month of May 2025, if the applicable rate of GST is 18% (Write relevant legal provisions supporting your answer)

[5 MARKS]

QUESTION NO. 2(A):

ABC Insurance Ltd., a registered insurer in Maharashtra, is engaged in providing insurance services. During the current financial year, the company entered into following transactions:

- (i) ABC Insurance Ltd. enters into a co-insurance agreement with XYZ Insurance Ltd. where ABC Insurance Ltd. is the lead insurer. The insured – Gyaati Industries- pays a total premium of ₹ 50,00,000 which is apportioned by the lead insurer - ABC Insurance Ltd. between itself and XYZ Insurance Ltd. in the ratio of 60:40 for the insurance services jointly supplied by them to Gyaati Industries. ABC Insurance Ltd. agrees to discharge the entire GST liability on the full amount of premium received from Gyaati Industries.
- (ii) A large industrial plant needs an insurance worth ₹ 500 crore. It approaches ABC Insurance Ltd. for the same. However, since ABC Insurance Ltd. is unable to underwrite the entire risk alone, it enters into a reinsurance agreement with a reinsurer – PQR Insurance Ltd. The total premium charged is ₹ 50 lakh. The insurer - ABC Insurance Ltd. pays a reinsurance premium of ₹ 20 lakh to PQR Insurance Ltd. This allows ABC Insurance Ltd. to manage its risk and financial exposure. While paying this amount to PQR Insurance Ltd., ABC Insurance Ltd. deducts a ceding commission of ₹ 1,00,000 which it has charged for the services it provides to PQR Insurance Ltd. PQR Insurance Ltd. pays GST on the gross reinsurance premium including the ceding commission.

Based on the provisions of Schedule III of the CGST Act, 2017, discuss whether the following activities amount to supply:

- a) Apportionment of co-insurance premium by ABC Insurance Ltd. To XYZ Insurance Ltd. for the insurance services jointly supplied by them to Gyaati Industries.
- b) Services by ABC Insurance Ltd. to PQR Insurance Ltd. for which ceding commission is deducted from reinsurance premium paid by ABC Insurance Ltd. to PQR Insurance Ltd.

[5 MARKS]

QUESTION NO. 2(B):

State whether GST payable in the following cases (provide explanations supporting your answers)

- 1) Service received by Government of India from a pollution consultant in Germany service pertains to management of pollution control in and around NCR consideration paid by Government of India is ₹ 12,00,000 out of which ₹ 3,00,000 is reimbursed by Delhi Government.
- 2) Wanderlust Travels Pvt. Ltd. is a tour operator based in Mumbai that provides various travel packages to domestic and international destinations. They offered a tour package to Mr. Johnson (an Australian citizen) for ₹10,00,000 where the tour conducted in India is for 3 days 6 hrs and tour outside India is for 5 days 18 hrs.

- 3) Kerala Industrial development corporation gives an industrial plot of land to X Ltd on lease for a period of 85 years. One time salami is ₹ 30 lakhs and annual lease rental is ₹ 5 lakhs. Such plot is utilized by X Ltd for development of industry.
- 4) Skill Bridge Pvt. Ltd. signs an MoU with the National Skill Development Corporation (NSDC) to act as an approved training partner under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), a scheme implemented by NSDC. It conducts training on retail sales associate skills aligned to NSQF Level 4 and receives ₹50 lakhs from NSDC for this purpose. However, they are not training body accredited by NSDC.
- 5) Sure Life Insurance Ltd., a registered general insurance company contributes ₹50 lakhs towards motor vehicle insurance fund maintained by Government of India under Section 164B of the Motor vehicles Act.

[5 MARKS]
QUESTION NO. 3(A):

UrbanStay Pvt. Ltd. is an **electronic commerce operator (ECO)** facilitating **short-term accommodation services** through its platform (a **notified service under Section 9(5)** of the CGST Act). In the month of **April 2025**, it had the following transactions:

Outward supplies:

Nature of Supply	Amount (Excl. GST)	GST Rate
Booking charges for homestays provided by unregistered persons through platform	₹10,00,000	12%
Platform usage fee charged to property owners (commission)	₹2,00,000	18%
Advertising space sold on website to brands	₹1,00,000	18%

Inward supplies:

Description	Amount (Excl. GST)	GST Rate
Google Ads and marketing services	₹1,00,000	18%
Office rent (commercial property)	₹70,000	18%
Laptop purchases for marketing team	₹1,20,000	18%
Food and catering for in-house training	₹20,000	5%
Cloud server subscription	₹60,000	18%

Determine the **net GST payable in cash**, after adjusting eligible ITC against liability. Clearly bifurcate the amount payable under **Section 9(5)** and **own supplies**.

[5 MARKS]
QUESTION NO. 3(B):

ABC Enterprises is a diversified company based in Mumbai, Maharashtra, involved in the trading of goods, provision of services, and logistics. Determine the place of supply for the transactions given below:

- (i) ABC Enterprises supplies electronic goods to DEF Pvt. Ltd. in Mumbai, Maharashtra, and also provides installation services.
- (ii) ABC Enterprises sells machinery to GHI Pvt. Ltd. in Bangalore, Karnataka. The machinery is directly shipped from a supplier in Gujarat to the client in Karnataka.
- (iii) ABC Enterprises provides architectural services for a building project in Gurgaon, Haryana, and subcontracts part of the design work to a firm in Delhi.
- (iv) ABC Enterprises transports goods from Chennai, Tamil Nadu, to Kolkata, West Bengal, with a cross-docking point in Hyderabad, Telangana.
- (v) ABC Enterprises offers loan processing services to a customer in Jaipur, Rajasthan. The processing involves coordination between branches in Mumbai, Maharashtra, and Delhi.

[5 MARKS]

QUESTION NO. 4(A):

M/s InfraBuild Ltd., a registered taxpayer under GST, has been awarded a **Hybrid Annuity Model (HAM)** contract by the **National Highways Authority of India (NHAI)** for the **construction, operation, and maintenance of a national highway project** under a **Design, Build, Operate, and Transfer (DBOT)** model. The total **Bid Project Cost (BPC)** is **₹1,800 crores**, and the agreement specifies staggered payments as follows:

1. Construction Phase Payments:

- **40% of BPC (₹720 crores)** to be paid in **five equal installments** over the first three years.
- Each installment is payable **on completion of specific construction milestones**, as defined in the agreement.

2. Deferred Annuity Payments:

- The **remaining 60% of BPC (₹1,080 crores)** is to be paid over **15 years** in **equal annuity payments**, after completion of construction.
- The **annuity payments also include an 8% annual interest component**, payable along with the principal amount.

3. Operation & Maintenance (O&M) Payments:

- M/s InfraBuild Ltd. is responsible for the **operation and maintenance of the highway for 15 years**, for which an annual **O&M payment of ₹60 crores** is provided.
- The O&M payment is **linked to the completion of specific maintenance events**, and invoices are to be raised upon achieving these milestones.

During **December 2024**, the following transactions occurred:

- December 5, 2024:** M/s InfraBuild Ltd. achieved the second milestone for the construction phase and was eligible for the **second installment of ₹144 crores**. However, the invoice was raised on **December 10, 2024**, and payment was received on **December 20, 2024**.
- December 15, 2024:** The company completed an O&M milestone and **issued an invoice of ₹60 crores** for maintenance services, but the payment was **due on January 15, 2025** as per the contract terms.
- December 18, 2024:** NHAI processed the **first annuity payment of ₹72 crores**, which included **₹60 crores as principal annuity and ₹12 crores as interest**. However, M/s InfraBuild Ltd. **did not issue an invoice until January 2, 2025**.
- December 30, 2024:** The company received an **advance of ₹50 crores for upcoming O&M work in 2025**, for which no invoice was raised in December.

Determine the time of supply for each of the above transactions.

[5 MARKS]**QUESTION NO. 4(B):**

An event management company provided services for organising a sports event for a sports federation which is held in multiple states ? What would be the place of supply of services in this case ?

[5 MARKS]

(or)

QUESTION NO. 4(B):

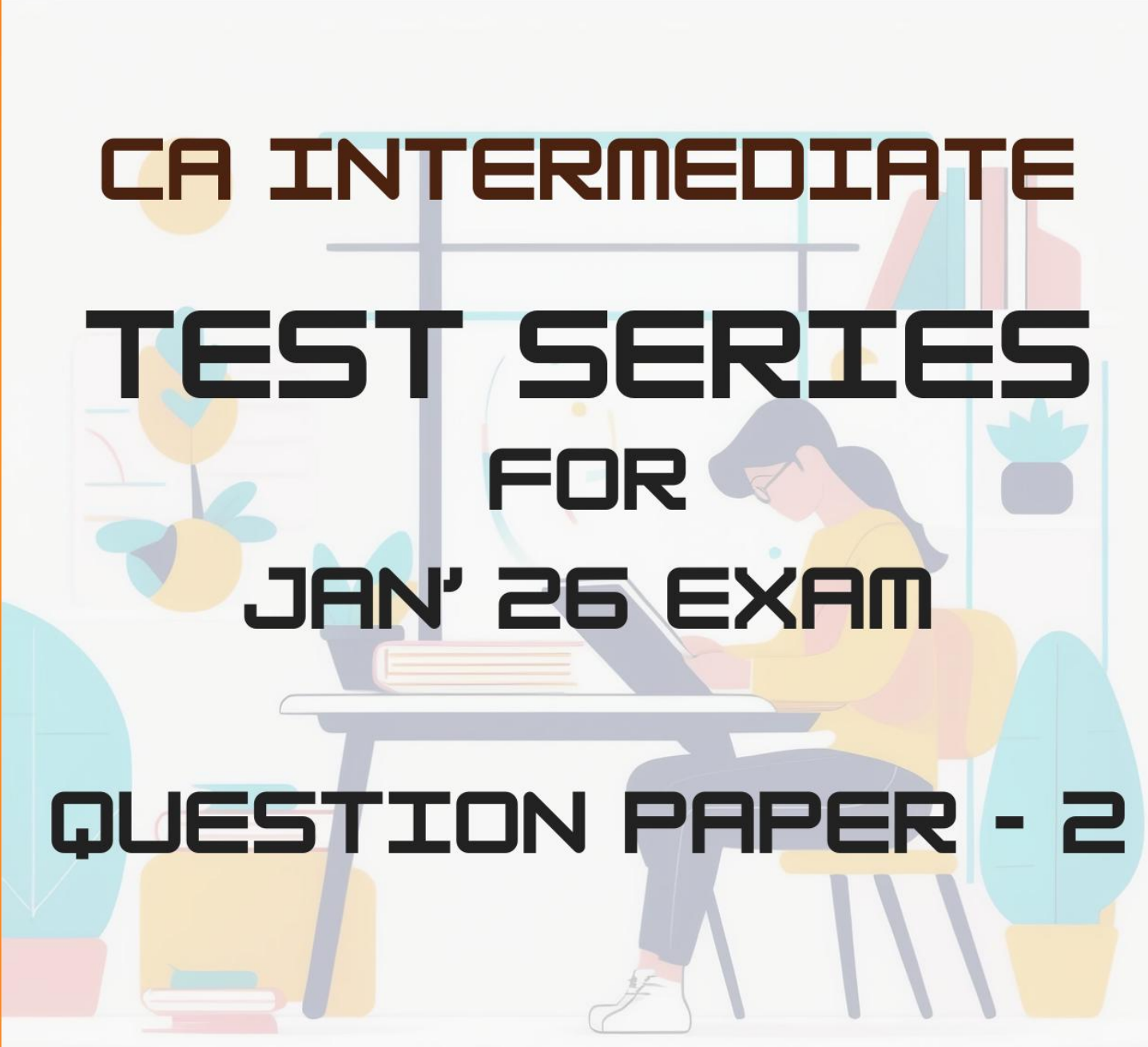
CBIC has issued a recent clarification on the taxability of ESOPs/ESPPs/RSUs which are issued by foreign holding company to the employees of domestic subsidiary company, where domestic subsidiary company reimburses the cost and administrative charges to the foreign holding company. Briefly discuss the said clarification

[5 MARKS]



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TEST – 2

Portion Covered

VALUE OF SUPPLY
INPUT TAX CREDIT
COMPOSITION SCHEME
REGISTRATION
PAYMENT PROCESS
RETURNS
ACCOUNTS & RECORDS, E WAY BILL
TDS & TCS

Section – A: MCQ'S (15 Marks)

Case Scenario – 1:

Starkart Limited owns and operates a web portal in the name of “Starkart” and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52 of the CGST Act, 2017.

Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal. For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month.

Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods. The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates. The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer.

The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for third party sellers. In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer. Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

a) Laptop having a value of ₹ 50,000 and a printer having a value of ₹ 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.

b) Mobile phone having a value of ₹ 30,000 sold by Starkart in its own capacity.

c) CCTV camera system having a value of ₹ 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

All the amounts given above are exclusive of GST, wherever applicable. The opening balance of input tax credit for the relevant tax period for Starkart, Infocom Limited and Secure World is nil. Further, there is no other inward or outward supply transaction for Starkart, Infocom Limited and Secure World in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified: CGST - 9%, SGST - 9%, IGST -18%. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4. as follows: -

1. The Net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart Limited for the month of January is:
 - a) IGST - ₹ 8,280
 - b) IGST - ₹ 5,400
 - c) CGST - ₹ 3,500 and SGST - ₹ 3,500
 - d) IGST - ₹ 9,080

[2 MARKS]

2. The Net tax liability (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:
 - a) IGST - ₹ 10,800 and IGST - ₹ 18,000 respectively
 - b) IGST - ₹ 9,420 and IGST - ₹ 15,700 respectively
 - c) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively
 - d) IGST - ₹ 10,200 and IGST - ₹ 17,000 respectively

[2 MARKS]

3. In case it is assumed that Secure World's turnover does not exceed the threshold limit for obtaining registration under applicable GST Law,
 - a) Secure World shall discharge tax only on the sales made through Starkart.
 - b) Secure World is not required to obtain registration as threshold limit for obtaining registration is not crossed and no tax is payable.
 - c) Starkart shall be liable to discharge tax liability of sales made by Secure World.
 - d) Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.

[2 MARKS]

4. Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January. As per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited. The Net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart in such scenario for the month of January would be:

- a) ₹ 6,900 payable as IGST.
- b) ₹ 3,450 payable as CGST and ₹ 3,450 payable as SGST.
- c) ₹ 9,570 payable as IGST.
- d) ₹ 7,440 payable as IGST.

[2 MARKS]

CASE SCENARIO – 2:

Pawan was engaged in providing various services within the State of Rajasthan since May 2024. His aggregate turnover crossed the threshold limit on 04.07.2024. He applied for registration under GST on 02.08.2024. He got his GST registration on 10.08.2024.

After taking registration, Pawan started a business across India including supply of goods also. He dispatched goods pan India based on orders he got for the goods dealt by him.

He received an order from Delhi for which he supplied taxable goods valuing ` 45,000. Applicable rate of IGST was 12%. He also supplied certain exempted goods valuing ` 4,000. He made one invoice for both taxable as well as exempted supply made to Delhi.

He asked his tax consultant for the requirement of generation of e-way bill for this order. Tax consultant informed him that the requirement of e-way bill is based on consignment value of goods supplied.

Even being a micro enterprise, Pawan did not receive timely payment from his customers as a result of which he ran into severe cash crunch and eventually could not make on-time payment to his suppliers. As a result, he decided to shut down his business and got placed in a software company as a senior programmer executive.

While shutting down his business, he informed his tax consultant to cancel the GST registration. Tax consultant surrendered his registration online in GST Portal on 25.10.2024 and his application for cancellation was approved by the Proper Officer on 31.10.2024.

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

From the information given above, choose the most appropriate answer for the 5-7 questions:

5. Effective date of registration of Pawan is _____.
- a) 04.07.2024
 - b) 02.08.2024
 - c) 03.08.2024
 - d) 10.08.2024

(2 MARKS)

6. Consignment value of goods supplied to Delhi by Pawan is ` _____.
- a) 45,000
 - b) 49,000
 - c) 50,400
 - d) 54,400

(2 MARKS)

7. Due date by which Pawan is supposed to file Final return under GST is _____.
- a) 25.11.2024
 - b) 30.11.2024
 - c) 25.01.2025
 - d) 31.01.2025

(1 MARK)

8. Smita Limited made an outward supply of garments at an agreed price of ₹ 5,00,000. The company charged 'Go Green Cess' levied by Local municipal corporation amounting to ₹ 10,000 for this supply. As the customer made payment within 3 days from the date of delivery, Smita Limited provide a discount of ₹ 5,000 separately as a customer friendly measure, even though no prior agreement was made on discount. Value of Supply made by Smita Limited u/s 15 is ₹ _____
- a) ₹ 5,05,000
 - b) ₹ 5,10,000
 - c) ₹ 5,00,000
 - d) ₹ 5,15,000

(2 MARKS)

Section B: Descriptive (35 Marks)

(Question No. 1 is compulsory and answer any 2 out of 3 given below)

QUESTION 1(A):

M/s Consultease Services Private Limited, a company registered under GST in Mumbai, Maharashtra, offers business consultancy, digital marketing and project management services across India. The company recorded the following transactions in October, 2024:

1. Provided consultancy services for market analysis to XYZ Ltd., a registered client in Chennai, Tamil Nadu (Inter-State), for ₹ 4,50,000. Additionally, the company paid an amount of ₹ 4,500 as professional tax applicable in the State of Maharashtra as per requirement of local state legislation. The amount of professional tax was recovered separately from XYZ Ltd.
2. Conducted digital marketing for an upcoming product launch for Mr. A based in Rajasthan, who is an unregistered person under GST. The agreed fee for the said services is ₹ 3,00,000. Out of the agreed fee, an amount of ₹ 25,000 is incurred by Mr. A. The company was liable to pay the same in relation to the supply and the net payment received by the company was ₹ 2,75,000 (exclusive of any tax).
3. The employees incurred an amount of ₹ 50,000 on travel to Kolkata for client project, which the client should incur as per the contract and claimed a reimbursement of the same from the company. As a policy, company charged such expenses from the clients on actual basis.
4. Post supply discount was offered to a customer amounting to ₹ 50,000 against a supply for which invoice was issued in September, 2024. The customer has not reversed the input tax credit relating to such discount.
5. The company received an amount of ₹ 1,00,000 as late payment charges for delay in payment for consideration from a client whose service contract was completed in June, 2024.
6. Advance received towards digital marketing services to be provided to Orochem Ltd., a drug manufacturer, located in Delhi [Digital marketing services have been provided in November, 2024 and invoice is issued on 28.11.2024]
7. They received incentive of ₹50,000 from Pine Labs for promoting UPI transactions and such amount received is in conformity with NCPI guidelines but the said amount is not received by them from Ministry of Electronics and Information Technology.
8. During the month they imported IT services from a company located outside India and paid ₹2,00,000.

You are required to compute the following for the month of October, 2024:

- (a) Total value of Outward supply
- (b) Output tax payable
- (c) Net GST payable, if they have a opening balance of CGST = ₹ 70,000 and SGST = ₹ 70,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) All the amounts given above are exclusive of taxes.
- (iii) The turnover of the company was ₹ 10 crores in the previous financial year.
- (iv) All the transactions are inter-State, unless otherwise specified.

[10 MARKS]

QUESTION NO. 1(B):

Mr. Ritesh of Tamil Nadu, commences business as a trader making supplies only within the state and also has interest income. on Jan 2025 and provides the following information for the financial year 2024-25. You are required to find out the aggregate turnover for the purpose of registration (Applicable threshold limit for registration is ₹40 lakhs) and eligibility of composition levy scheme and determine, the GST payable for the financial year 2024-25 based on the following information:

Invoice No.	Date	Transaction
0001	January 2, 2025	Sold industrial tools worth ₹25,00,000
0002	January 5, 2025	Received an advance of ₹4,00,000 from a customer
0003	January 8, 2025	Supplied spare parts worth ₹8,00,000 to a buyer
0004	January 12, 2025	Earned interest of ₹1,50,000 from a fixed deposit with a nationalized bank.
0005	January 18, 2025	Supplied dishwashers worth ₹300,000
0006	January 25, 2025	Earned interest income of ₹2,00,000 from a fixed deposit with a scheduled bank.
0007	January 28, 2025	Dishwashers sold on January 18, 2025 were returned by customer and a credit note was issued
0008	January 30, 2025	Paid ₹3,00,000 to a GTA (Goods Transport Agency) for transporting goods to dealers, where GST is payable under RCM @ 5%.
0009	February 5, 2025	Sold mobile phones worth ₹8,00,000 within the state through an e-commerce operator who deducted 1% TCS under Section 52 of the CGST Act (GST @ 18%).
0010	February 8, 2025	Sold LED televisions worth ₹20,00,000 to a GST-registered dealer in Chennai

Based on the above, answer the following questions:

- (i) What is the date on which Mr. Ritesh is liable to get registered?
 - (ii) Whether Mr. Rithesh can opt for composition scheme during financial year 2024-25?
- What is the GST payable by Mr. Rithesh based on the above data if he opts for composition scheme for the financial year 2024-25?

[5 MARKS]

QUESTION NO. 2(A):

ABC Tech Ltd. is a registered business under GST in Karnataka, engaged in the manufacturing and sale of electronic goods, which are taxable. GST council has made these electronic goods as exempted with effective from 31st January 2024. The company has been operating for 3 years and has availed various input tax credits on its purchases during this period. Following are the Stock and Capital Goods Details as on 30th January 2024:

Inward supply	Purchased prior to 30 th January 2024	Transaction value at the time of purchase	Rate of GST
Raw materials	1 year	₹8,00,000	18%
Raw materials in semi-finished goods	1.5 years	₹5,00,000	12%
Raw materials in finished goods	2 years	₹4,50,000	18%
Capital goods	1.5 years	₹20,00,000	28%

There is a balance in ITC of ₹1,50,000 as on 31st January in the electronic credit ledger of ABC Tech Ltd. Compute the amount of ITC reversed from ECRL and ECL by them upon conversion from taxable supplies to exempt supplies. Also provide supporting legal answer for payment of GST.

[5 MARKS]

QUESTION NO. 2(B);

Mehul Enterprises, registered under GST in Uttar Pradesh and a monthly return filer, is engaged in making taxable supplies of goods and services. It furnished the details of its outward supplies in Form GSTR-1 for the month of January on 11th February.

However, on 14th February, the accountant of Mehul Enterprises noticed that one invoice issued to Vaishali Traders (registered in Gujarat) for supply of goods of value of ₹1,00,000 (taxable @ 18%) pertaining to January has been inadvertently missed to be declared in Form GSTR-1 furnished for January. He has approached you for

the advice before furnishing Form GSTR-3B for the said month. You are required to briefly discuss whether Mehul Enterprises can amend the details of outward supply furnished in Form GSTR-1 of January. If such amendment is permitted and details of Form GSTR-1 are amended, whether the details of said invoice will be available in Form GSTR-2B of Vaishali Traders for the month of January.

[5 MARKS]

QUESTION NO. 3(A);

ABC Build Tech Ltd., a registered manufacturer of prefabricated steel structures in Karnataka, undertakes the following supplies during March 2026:

- The company dispatches three separate consignments, each worth ₹48,000 (incl. 12% GST), from its Bengaluru plant to different customers in Tamil Nadu, loading them all into one truck for delivery.
- It sends semi-finished steel trusses worth ₹15,000 (Excl. 12% GST) to an unregistered job worker in Karnataka for further fabrication. After job work, the job worker directly dispatches the finished goods to XYZ Constructions Ltd., a registered customer located in Andhra Pradesh, on the instruction of ABC Build Tech.
- Dispatched sandbags and earth-filling material (exempt under GST) worth ₹2,00,000 from Karnataka to Kerala.

In the above cases, whether E-Way bill is required and who should generate the e way bill. Also specify the documents to accompany goods?

[5 MARKS]

QUESTION NO. 3(B);

Agni Limited filed GST return (under section 39) for the month of January 2021 on 11th April, 2021. Original due date for the said return was 20th February, 2021. Details of tax assessed as payable for the said month are given below:

Particulars	CGST ₹	SGST ₹
Output tax payable	1,80,000	1,80,000
Tax payable under reverse charge	40,000	40,000
Input tax credit available for utilization	70,000	70,000

- I. Compute the net tax payable in cash while filing the said return as well as the interest payable for the delayed remittance of tax.
- II. Assuming the company has an ITC balance of ₹ 2,50,000 each under CGST and SGST for the said month, compute the interest payable, if entire tax due for the said month was paid through the Electronic Credit Ledger to the extent possible as per the provisions of Act?

[5 MARKS]

QUESTION NO. 4(A):

- (i) The aggregate turnover of Mr. Prithivi a registered person for the FY 2021-22 was 440 lakhs. The outward supplies of Mr. Prithivi is exempted owing to a notification from CG and Mr. Prithivi decided to cancel his registration during the Financial Year. He filed final return, but he has not filed the annual return (GSTR-9) under section 44 of CGST Act, 2017 before the due date as he is of the opinion that either Final return or Annual return is required to be filed but not both. Discuss whether the contention of Mr. Prithivi is valid and also discuss the provisions as to LATE Fees, if any, for not filing the returns by the due date.
- (ii) What is the need of GSTR – 1A and by when it is required to be filed?

[5 MARKS]

(or)

Galaxy HyperMarts Ltd., a GST-registered retail and wholesale company headquartered in Delhi, has an **aggregate annual turnover of ₹620 crore in FY 2024–25**. It engages in **B2B, B2C, export, and financial service transactions**. In **August 2025**, the following events occur:

1. It issues a B2B tax invoice worth ₹15,00,000 to Prime Tech Solutions Pvt. Ltd. (Karnataka) but does NOT upload the invoice details on the Invoice Registration Portal (IRP). Goods are transported, and Prime Tech claims ITC in GSTR-3B.
2. It makes over-the-counter retail sales at its Delhi flagship store to an unregistered individual customer for ₹1,10,000, payment fully made via credit card. The invoice printed for the customer does NOT contain any Dynamic QR Code.
3. It raises an export invoice for ₹8,00,000 (FOB) for machinery exported to Germany. The finance team tries uploading this invoice on the IRP but mistakenly uploads it with wrong information. They want to cancel this invoice and upload new invoice.
4. Galaxy HyperMarts also provides in-house financing for durable goods through its NBFC subsidiary. Invoices raised by this NBFC for loan processing fees to unregistered consumers.

Discuss the implications in the above situations applying the provisions of E Invoice and dynamic QR code.

[5 MARKS]

QUESTION NO. 4(B):

Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act, 2017?

[5 MARKS]



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SECTION – A

MULTIPLE CHOICE QUESTIONSCase Scenario – 1:

XYZ Electronics Pvt. Ltd. is a leading electronic goods manufacturing company in Delhi. The company produces a wide range of products, including smartphones, laptops, and home appliances.

The sales by the Company are mainly through its distributors on the following credit terms:

For laptops – up to 15 days

For smartphones – up to 90 days

For other home appliances – up to 45 days

During the year, the Company purchased plant and machinery worth ₹ 1 crore exclusive of GST. The GST rate for such plant and machinery is 18%. The input tax credit on such plant and machinery is not blocked under any provision of the CGST Act, 2017.

The Company is planning to demerge its operations in relation to the laptops and other computer accessories from the next financial year. The demerged entity will be a separate legal entity of the Company in form of a wholly owned subsidiary of the Company having common Board of Directors.

The Company also participates in domestic and international level trade fairs to showcase its products and sale through those events. The Electronics Association of Rajasthan is organising a trade fair in Jaipur. The Company is keen to participate in the same. To ensure the GST compliances, the Company wants to obtain the GST registration as casual taxable person in the state of Rajasthan. The Company obtained the GST registration as casual taxable person in the state of Rajasthan with the validity period of 45 days.

The Company transferred the goods from one of its godown in Delhi to another godown in Gujarat wherein the Company has a registered place of business. The value of goods transferred is ₹ 5 crores and the rate of GST applicable on such transfer is 18%. The tax invoice was issued, and GST was deposited by the Company. However, the consideration was not paid by the Gujarat office of the Company to the Delhi office even after 180 days of the invoice date. Further, there was no reverse movement of such goods from Gujarat godown to Delhi Godown.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

1. What shall be the time limit to issue invoice for supply of smartphones on credit:
 - (a) Invoice shall be issued on 31st day from the date of removal of smartphones to distributors.
 - (b) Invoice shall be issued before or at the time of removal of smartphones to distributors.
 - (c) Invoice shall be issued at the time of receiving payment from distributors.
 - (d) Invoice shall be issued upon completion of credit term, i.e. 90 days.

(2 Marks)

2. In relation to the plant and machinery purchased by the Company, select the correct alternative from the following:
- (a) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1.18 crore.
 - (b) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1 crore.
 - (c) ITC cannot be claimed in such transaction and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1 crore.
 - (d) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 82 lakh.
- (2 Marks)
3. How shall the demerged entity be treated under the provisions of GST Law?
- (a) The demerged entity shall be treated as related party of the Company.
 - (b) The demerged entity shall be treated as distinct entity of the Company.
 - (c) The demerged entity shall be treated as additional place of business of the Company.
 - (d) The demerged entity shall be treated as sole selling agent of the Company.
- (2 Marks)
4. The period of retention of books of accounts related to period prior to demerger under GST Law is:
- (a) 36 months from the end of financial year
 - (b) 60 months from the end of financial year
 - (c) 72 months from the end of financial year
 - (d) 72 months from due date of furnishing annual return for the relevant financial year
- (2 Marks)
5. The validity of GST registration as a casual taxable person in the state of Rajasthan is:
- (a) 45 days
 - (b) 90 days
 - (c) 180 days
 - (d) 135 days
- (2 Marks)
6. Which of the following statements is true in relation to the non-payment of consideration by the Gujarat godown to Delhi godown?
- (a) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and also required to pay interest computed from the date of invoice till the date of reversal of ITC.
 - (b) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and no interest shall be applicable.
 - (c) The restriction of 180 days for payment of consideration is not applicable in the present case.
 - (d) The Delhi godown shall issue a credit note to Gujarat godown to reverse the supply.
- (2 Marks)

Case Scenario – 2:

Trent Limited, a supplier of water purifiers, is a company registered with the jurisdictional GST authorities at its principal place of business in Mumbai, Maharashtra. Trent Limited has approached ABC India LLP, a Mumbai based event management company registered under GST in the State of Maharashtra, to undertake following activities in relation to organization of an event to be held on July 21 – 22 in Udaipur, Rajasthan for its employees: a. Arrangement of accommodation services for its employees in a hotel in Udaipur, Rajasthan b. Arrangement of

souvenirs to be distributed to its employees attending the event Trent Limited has agreed to pay a fixed sum of ₹ 3,00,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) for the aforesaid services provided by ABC India LLP. An amount of ₹ 50,00,000 is paid to ABC India LLP as advance at the time of agreement on June 25. Balance amount is payable on July 21 upon issuance of invoice by ABC India LLP and invoice is duly issued for the full amount in the month of July. ABC India LLP has entered into an agreement with Dream Hotels, a hotel based in Udaipur, for the aforesaid event to be organized for employees of Trent Limited. Dream Hotels has agreed to provide the services to ABC India LLP which includes accommodation and other ancillary services for the aforesaid event at an agreed amount of ₹ 1,50,00,000 exclusive of GST (Rates of tax are: CGST - 14%, SGST - 14% and IGST - 28%). The consideration is payable by ABC India LLP to Dream Hotels at the time of check in of guests on July 21. Further, ABC India LLP has also entered into an agreement with Happy Gift House, a well - known gift shop based in Udaipur, Rajasthan for purchase of souvenirs for the employees of Trent Limited. It was agreed that souvenirs would be purchased by ABC India LLP from Happy Gift House at a consideration of ₹ 20,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) and Happy Gift House would deliver them at the event location, i.e. Dream Hotels, Udaipur. The aforesaid amount includes the cost of packaging the souvenirs (₹ 20,000) and cost of delivering the same (₹ 50,000) at the location. The entire consideration is payable by ABC India LLP to Happy Gift House at the time of delivery of souvenirs on July 21. In the month of August, Trent Limited gifts each of its employees (total - 150 employees) a water purifier in terms of their employment contract. The total open market value of such water purifiers is ₹ 52.50 lakh exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%). All water purifiers bear the same cost. Trent Limited and ABC India LLP are not registered under GST in the State of Rajasthan. There is no other taxable supply or taxable procurement apart from Dream Hotels and Happy Gift House as mentioned above in the month of July for ABC India LLP. The opening balance of input tax credit of both Trent Limited and ABC India LLP for the relevant tax periods is nil. All the above amounts are exclusive of GST, wherever applicable. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

7. In case of the supply of the souvenirs by Happy Gift House to ABC India LLP, the place and value of said supply are _____ and _____
- a) Maharashtra; ₹ 20,00,000
 - b) Maharashtra; ₹ 19,30,000
 - c) Rajasthan; ₹ 20,00,000
 - d) Rajasthan; ₹ 19,30,000

(2 Marks)

8. The place of supply for the hotel accommodation services provided by Dream Hotels to ABC India LLP is _____ and the nature of supply is _____
- a) Maharashtra, inter-State supply liable to IGST
 - b) Rajasthan, inter-State supply liable to IGST
 - c) Maharashtra, intra-State supply liable to CGST and SGST
 - d) Rajasthan, intra-State supply liable to CGST and SGST

(2 Marks)

9. The net GST payable in cash by ABC India LLP for the month of July in the State of Maharashtra would be ₹ ABC India LLP wishes to keep its CGST liability at a minimum.
- a) CGST - ₹ 18,90,000; SGST - ₹ 22,50,000; IGST - Nil
 - b) CGST - Nil; SGST - Nil; IGST - ₹ 54,00,000
 - c) CGST - ₹ 27,00,000; SGST - ₹ 27,00,000; IGST - Nil
 - d) CGST - ₹ 5,40,000; SGST - ₹ 13,50,000; IGST - Nil

(2 Marks)

10. The finance team is exploring the feasibility of getting ABC India LLP registered as a casual taxable person in the State of Rajasthan with effect from 20th June. In such a scenario, the invoice to Trent Limited will be issued by ABC India LLP as a casual taxable person registered in Rajasthan. Moreover, the invoice by Dream Hotels and Happy Gift House will be issued to ABC India LLP at its GST registration number as casual taxable person in Rajasthan. The estimated tax liability of ABC India LLP to be paid in advance at the time of submission of application for registration in the State of Rajasthan in the month of June would be _____

- a) CGST - ₹ 27,00,000; SGST - ₹ 27,00,000; IGST - Nil
- b) CGST - Nil; SGST - Nil; IGST - ₹ 8,40,000
- c) CGST - ₹ 4,20,000; SGST - ₹ 4,20,000; IGST - Nil
- d) CGST - Nil; SGST - Nil; IGST - Nil

(2 Marks)

11. Compute the outward GST payable, if any, on the water purifiers gifted by Trent Limited to its employees in the month of August.
- a) CGST - ₹ 7,35,000; SGST - ₹ 7,35,000; IGST - Nil
 - b) CGST - Nil; SGST - Nil; IGST - ₹ 14,70,000
 - c) CGST - Nil; SGST - Nil; IGST - Nil
 - d) CGST - Nil; SGST - Nil; IGST - ₹ 7,35,000

(2 Marks)

12. Which of the following statements are true with respect to accounts and records?
- 1) All accounts and records are to be retained for 6 years.
 - 2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
 - 3) Stock record is to be maintained by all registered dealers including composition dealers.
 - 4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
 - 5) Monthly production records are to be maintained by all dealers including composition dealers.
 - 6) Records are to be maintained at principal place of business.
- a) 1, 2, 5, 6
 - b) 1, 3, 5
 - c) 1, 3, 4
 - d) 1, 2, 4, 6

(2 Marks)

13. Avtaar Enterprises, Kanpur started trading in ayurvedic medicines from July 1, 20XX. Its turnover exceeded ₹20 lakh on October 3, 20XX. The firm applied for registration on October 31, 20XX and was issued registration certificate on November 5, 20XX. Can any revised invoice be issued in the given scenario? If the answer to the first question is in affirmative, determine the period for which the revised invoices can be issued as also the last date upto which the same can be issued.
- a) Revised invoice cannot be issued in the given case.
 - b) Revised invoices can be issued for supplies made between October 3, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 5, 20XX.
 - c) Revised invoices can be issued for supplies made between October 31, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 31, 20XX.
 - d) Revised invoices can be issued for supplies made between July 1, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 31, 20XX.

(2 Marks)

14. Mr. Jambulal of Himachal Pradesh starts a new business and makes following supplies in the first month-
- (i) Intra-State supply of taxable goods amounting to ₹ 17 lakh
 - (ii) Supply of exempted goods amounting to ₹ 1 lakh
 - (iii) Inter-State supply of taxable goods amounting to ₹ 1 lakh
- Whether he is required to obtain registration?
- a) Mr. Jambulal is liable to obtain registration as the threshold limit of ₹ 10 lakh is crossed.
 - b) Mr. Jambulal is not liable to obtain registration as he makes exempted supplies.
 - c) Mr. Jambulal is liable to obtain registration as he makes the inter-State supply of goods.
 - d) Mr. Jambulal is not liable to obtain registration as the threshold limit of ₹ 20 lakh is not crossed.

(2 Marks)

15. Sanu Associates, Delhi dealing in garments has ordered ladies suits from Sahiba Garments in Ludhiana (Punjab) which is 350 km away from its warehouse. E-way bill is generated by Sahiba Garments and the order is coming by a normal cargo. For how many days will the e-way bill be valid from the time it is generated?
- (a) 24 hours
 - (b) 2 days
 - (c) 5 days
 - (d) 7 days

(2 Marks)

SECTION – B
DESCRIPTIVE QUESTION

Question No. 1 & 2 is compulsory and any 4 questions out of 5

Question No. 1(a)

M/s. Priya Infra Ltd, a registered supplier under GST, in the State of Kerala, is engaged in the construction business. It provides the following information for the month of April, 2021:

S. No.	Particulars	Amount (₹)
	OUTWARD SUPPLY:	
(i)	Transferred one load of Tiles to its branch in Cochin, Kerala from its head office at Trivandrum, Kerala. Both places are under the same GST Registration.	7,50,000
(ii)	Provided pure labour services of construction of single commercial unit not forming part of any complex to a customer in Bengaluru (Karnataka).	15,00,000
(iii)	Supplies a consignment of Marbles in the territorial waters to Classic Builders LLP. The said territorial waters is located at a distance of 11 nautical miles from the baseline of State of Kerala and 12 nautical miles from the baseline of State of Tamil Nadu.	6,00,000
(iv)	Received an advance for future supplies of goods and services from a customer in Kerala (of which 70% related to future supplies of services).	7,00,000
(v)	Computer used for business purpose was given free of cost to an unrelated person based in Kerala, computer was purchased 2 years back at cost of ₹ 88,500 (including GST of ₹ 13,500,) having a W.D.V. of ₹ 71,685 as on date of sale. Open market value is ₹ 55,000 (excluding GST). No ITC taken on this computer at the time of purchase.	Nil
	INWARD SUPPLY:	
(i)	The company provided the following additional information: Avalued, services of an arbitral tribunal in Trivandrum, Kerala to settle a case relating to RERA Act.	7,00,000
(ii)	Purchased construction materials from Baahu Steels Ltd. registered in the State of Andhra Pradesh	15,00,000
(iii)	Purchased a new truck from a dealer in Cochin, Kerala for transport of materials	12,00,000

The company provided the following additional information:

- I. Paid ₹ 6,00,000 as remuneration to an Independent Director based at Cochin during the month.
- II. The company claimed depreciation under Income Tax Act, 1961 on new truck purchased including all applicable taxes.
- III. E-invoice portal shows Baahu Steels Ltd.'s GST number has been enabled for e-invoicing. However, the supplier did not issued e-invoice/tax invoice with Invoice reference number (IRN). The invoice was reflected in GSTR-2A.
- IV. Turnover of M/s. Priya Infra Ltd. for the previous financial year was ₹ 180 Lakh.
- V. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services. All the amount given above are exclusive of taxes wherever applicable.

From the information given above, you are required to compute the minimum net GST liability payable in cash (CGST, SGST or IGST as the case may be) for the month of April, 2021.

Reason for treatment needs to be given.

(10 Marks)

Question No. 1(b)

Swasthya Nursing Home, a clinical establishment, offers the following services: I. Rooms provided to the in-patients where the room charges per day are ₹ 6,500. II. Plastic surgery conducted to repair cleft lip of a new born baby. III. Air ambulance services to transport critically ill patients from distant locations to Swasthya Nursing Home. IV. Supply of food to the in-patients as per the advice of the doctor/nutritionist from its restaurant - Annapurna Bhawan - located in the basement of Swasthya Nursing Home. The food is prepared by its employees and nothing is outsourced to any third-party vendors. V. Homeopathic medical treatment. Swasthya Nursing Home also operates a cord blood bank which provides services in relation to preservation of stem cells. Determine whether GST is payable in respect of each of the above services provided by Swasthya Nursing Home.

(5 Marks)
Question No. 2(a)

Aashima Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January 2025:

S.No.	Particulars	Amount (₹)
(i)	Outward supply of goods made during the month to various non-related persons:	As given in particulars column
	in the State of Bihar (Intra-State)	
	to other States (Inter-State)	
	Market Value	Transaction Value
	3,00,000	4,00,000
	2,00,000	1,00,000
(ii)	Services by way of warehousing of potato chips (Inter-State transaction)	5,00,000
(iii)	Stock transfer without consideration to its branch at Gaya (Bihar). Branch has separate GSTN for convenience of accounting and billing. Value under section 15 of the CGST Act, 2017 - ₹ 20,000 (Intra -State)	Nil
(iv)	Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices)	6,50,000

Additional Information:

- (a) All the amounts given above are exclusive of taxes.
- (b) During the course of arranging and filing documents, the accountant of Aashima Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.2024 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2025. This invoice was issued by Mr. Suhaas of Patna, from whom Aashima Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra- State transaction).
- (c) Rate of GST applicable on various supplies are as follows:

Nature of supply	CGST	SGST	IGST
Car rental service	2.5%	2.5%	5%
All other inward and outward supplies	9%	9%	18%

- (d) No opening balance of input tax credit exists in the beginning of the month.
- (e) Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in which Invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR 2B for the month of January 2025, since the suppliers had filed their GSTR-1.
- (f) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- (g) Aashima Ltd. is not engaged in renting of cars business.
- You are required to calculate the amount of net GST liability payable in cash by Aashima Limited for the month of January 2025. Brief notes for treatment given for each item should form part of your answer.

(10 Marks)

Question No. 2(b)

DLH Ltd., a real estate developer company, is located in Chennai. On August 1, 2013, it enters into an agreement with Mr. Z to transfer a 1,000 square feet commercial flat in a building under construction in Madurai. As per agreement, the possession of the flat will be handed over in March 2024. Agreed consideration is ₹ 90,00,000 + GST @ 18%. Tax invoice issued by DLH gives the following data. Mr. Z pays ₹ 70,00,000 by cheque at the time of signing the agreement.

	Taxable value of supply ₹
Super structure of 1,000 square feet (along with undivided share of land)	90,00,000
Less: value of land (or undivided share of land) (it is always deemed to be 1/3rd of total amount charged)	30,00,000
Taxable Value	60,00,000
Add: GST -	
• CGST @ 9 per cent of ₹ 60,00,000	5,40,000
• SGST @ 9 per cent of ₹ 60,00,000	5,40,000
Total	1,00,80,000

Possession is handed over on March 10, 2024. Mr. Z is not satisfied with the quality of stone and wood used by DLH. Consequently, against the balance payment of ₹ 30,80,000, Mr. Z pays ₹ 24,00,000 on March 20, 2024 which is accepted by DLH as full and final payment. Discuss the treatment of balance of ₹ 6,80,000 for the purpose of GST.

(5 Marks)

Question No. 3(a)

UCO Bank has a branch in Aurangabad engaged in supply of services by way of accepting deposits and extending loans opted for the option to avail credit of 50% of input tax of the month of which input tax relates under section 17(4). It has a head office at Pune. Input tax credit (CGST & SGST) available for the month of October 2021 is ₹ 1,20,000 which includes: Total Input tax credit includes credit pertaining to:-

SL. No	Particulars	Input tax (₹) CGST & SGST
1	Services availed from its distinct establishment i.e., from Pune head office	27,000
2	Outdoor catering services received for its employees	32,000
3	Goods obsolete and value of which to be written off in books	11,000
4	Auditing Services	25,000
5	Goods for personal use of employees	7,500

Determine the amount of Input tax credit of October, 2021 that can be availed by UCO Bank.

(5 Marks)

Question No. 3(b)

Musicera Pvt. Ltd. owned by Nitish Daani - a famous classical singer - wishes to organise a 'Nitish Daani Music Concert' in Gurugram (Haryana). Musicera Pvt. Ltd. (registered in Ludhiana, Punjab) enters into a contract with an event management company, Supriya (P) Ltd. (registered in Delhi) for organising the said music concert at an agreed consideration of ₹ 10,00,000. Supriya (P) Ltd. books the lawns of Hotel Dumdum, Gurugram (registered in Haryana) for holding the music concert, for a lump sum consideration of ₹ 4,00,000. Musicera Pvt. Ltd. fixes the entry fee to the music concert at ₹ 5,000. 400 tickets for 'Nitish Daani Music Concert' are sold. You are required to determine the CGST and SGST or IGST liability, as the case may be, in respect of the supply(ies) involved in the given scenario. Will your answer be different if the price per ticket is fixed at ₹ 450?

Note: Rate of CGST and SGST is 9% each and IGST is 18%.
 All the amounts given above are exclusive of taxes, wherever applicable.

(5 Marks)

Question No. 4(a)

M/s ABC Ltd. have belatedly filed GST return (under section 39) for the month of January after 60 days from the due date for filing such return. Total tax paid in such return is as below:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Output tax payable	4,50,000	2,85,000	2,85,000
Tax payable under reverse charge	18,000	32,000	32,000
Input tax available for utilisation	2,50,000	55,000	55,000
Tax paid through Electronic Cash Ledger	2,18,000	2,62,000	2,62,000

Examine the interest payable as per the provisions of GST law. What would be your answer, if entire tax for the month of January has to be paid through Electronic Credit Ledger except taxes to be paid on reverse charge basis?

(5 Marks)

Question No. 4(b)

Sapna Education Pvt. Ltd is receiving supplies through E-Commerce, Ltd (an Electronic Commerce operator) has provided the following supplies during December, 2020 through E-Comm. Ltd. —

	Supply	Returns, if any
1. Supplies of goods taxable at 12% by registered supplier	5,00,000	50,000
2. Supply of goods taxable at NIL-rate by registered supplier	2,00,000	20,000
3. Supply of housekeeping services by unregistered supplier	50,000	—
4. Supply of other services by registered supplier	1,50,000	—

Required:

- Determine the amount of tax to be collected at source by E-comm. Ltd.
 - Determine consequences if said amount is paid and return is filed on 15-1-2021.
- Assume no extensions.

(5 Marks)

Question No. 5(a)

Bharuch Dahej Railway Company Ltd. (BDRCL), a Special Purpose Vehicle (SPV), has been tasked with enhancing industrial connectivity in Gujarat by undertaking gauge conversion projects. During the month of December 2024, the following transactions took place:

- Indian Railways used the converted broad-gauge line for passenger and freight operations. BDRCL charged Indian Railways ₹15,00,000 for the infrastructure use under the concession agreement.
- Indian Railways carried out maintenance services, including track inspections and repair work, for the converted line. The cost of these services was ₹6,00,000.
- BDRCL leased commercial space at one of the railway stations on the converted line to a private logistics company for ₹8,00,000 per month.
- Indian Railways transported construction materials for BDRCL's ongoing infrastructure projects. The freight charges were ₹3,00,000.

Analyze the taxability of each transaction and provide supporting explanation for your answer.

(5 Marks)

Question No. 5(b)

Mr. A in Delhi has been awarded a contract by Mr. B in Karnataka and Mr. B does not specify any details of supplier of goods in the contract. A himself chooses Mr. C located in Rajasthan as the supplier and asks Mr. C to directly send the goods at Karnataka Site. Mr. A does not have any warehouse or does not store goods anywhere else in the state. Thereafter, Mr. A uses the goods for installation at the site. Mr. A does not have any other contract for installation in Karnataka. What is the place of supply in case of transaction between Mr. C and Mr. A and between Mr. A and Mr. B.

(5 Marks)**Question No. 6(a)**

Candy Blue Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-State supply made by it for the month of October 2021: List price of goods supplied inter-State – ₹12,40,000.– Item already adjusted in the price given in (i) above =

- 1) Subsidy from Central Government for supply of Biscuits to Government School – ₹1,20,000
- 2) Subsidy from Trade Association for supply of quality Biscuits – ₹ 30,000. - Items not adjusted in the price given in (i) above –

- Tax levied by Municipal Authority – ₹24,000,
- Packing Charges – ₹12,000
- Late fee paid by the recipient of supply for delayed Payment of invoice - ₹5,000.

Calculate the value of taxable supply made by M/s. Candy Blue Ltd. for the month of October 2021

(5 Marks)

Or

Mehra Sons, a registered supplier, is a wholesale supplier of ready-made garments located in Bandra, Mumbai. On 5th September, 2021, Subhadra, owner of Aura Boutique located in Dadar, Mumbai, approached Mehra Sons for supply of a consignment of customised dresses for ladies and kids. Mehra Sons gets the consignment ready by 2nd December, 2021 and informs Subhadra about the same. The invoice for the consignment was issued the next day, 3rd December, 2021. Due to some reasons, Subhadra could not collect the consignment immediately. So, she collects the consignment from the premises of Mehra Sons on 18th December, 2021 and hands over the cheque for payment on the same date. The said payment is entered in the accounts on 20th December, 2021 and amount is credited in the bank account on 21st December, 2021. You are required to determine the time of supply of the readymade garments supplied by Mehra Sons to Subhadra elaborating the relevant provisions under the GST law.

(5 Marks)**Question No. 6(b)**

What are the situations where the registration of a person can be cancelled in terms of provisions of CGST Act and rules made thereunder?

(5 Marks)**Question No. 7(a)**

Gamma Multiplex registered in the State of Punjab, gives the following offers for booking movie tickets :

S.NO.	Particulars	Price Charged (Excl. GST)
1	Tickets only	₹ 200 per person
2	Combo offer	₹ 350 per person (which includes ₹ 200 for ticket and ₹ 150 for snacks)
3	Snacks only	₹ 250 per token (snacks quantity will be more when compared to combo offer)

For the month of April 2024, Gamma Multiplex situated in Punjab made the following supplies :

- (i) 10,000 tickets under combo offer
- (ii) 2,500 tickets only
- (iii) 1,000 tokens of snacks only

GST rates applicable are:

Rate of GST	CGST	SGST	IGST
Supply of Snacks	2.5%	2.5%	5%
Supply of service of exhibition of cinema	9%	9%	18%

You are required to determine the following, by explaining the relevant provisions:

- (i) Rate of GST to be applied when combo supply is made
- (ii) Rate of GST to be applied when snacks are sold in Multiplex
- (iii) Gross GST payable by Gamma Multiplex for the month of April, 2024.

(5 Marks)

Question No. 7(b)

Rudra Ltd. Raised invoice for services of ₹1,00,000 (Excl. GST @ 18%) on 15/9/2023 and reported the same in their GSTR – 1 of September 2023 filed on 11/10/2023. Abhi Ltd., who is recipient of such services availed ITC in GSTR 3B of September 2023 filed on 18/10/2023 and utilized the same in GSTR 3B of Nov 2023 filed on 20/12/2023. Rudra Ltd. Has not filed GSTR 3B w.r.to September 2023 and Abhi Ltd. Reversed the ITC in GSTR 3B of Dec 2024 filed on 17/01/2025. Compute interest payable by Abhi Ltd. And consequences w.r.to ITC, if Rudra Ltd. Files GSTR-3B of September 2023 on 18th Feb 2025, and discuss whether any interest is payable by Rudra Ltd. Assuming no other transactions are there for Rudra Ltd.?

(5 Marks)

(or)

What are the situations where TDS under Sec. 51 of CGST Act, 2017 is not required to be deducted?

(5 Marks)

A background illustration of a student with long dark hair and glasses, wearing a yellow sweater and grey pants, sitting at a desk and working on a laptop. The desk has a stack of books and a pen. The background includes a bookshelf with books, a potted plant, and a window with a view of a city skyline. The text is overlaid on this illustration.

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TIME ALLOWED – 3 HOURS

TOTAL MARKS – 100

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All MCQs are compulsory

CASE SCENARIO :1

Mr. Kishan is engaged in the following activities on agricultural land situated in India, total area of land is 5 acres.

Activity A: He grows saplings or seedlings in a nursery spreading over on one acre land, the sale proceeds of which is ₹ 5,00,000. Cost of plantation is ₹ 1,40,000. Basic operations are not performed for growing saplings or seedlings.

Activity B: He grows cotton on 3 acres land. 40% of cotton produce is sold for ₹ 4,00,000, the cost of cultivation of which is ₹ 2,25,000. The cost of cultivation of balance 60% cotton is ₹ 3,37,500 and the market value of the same is ₹ 6,00,000, which is used for the purpose of manufacturing yarn. After incurring manufacturing expenses of ₹ 1,00,000, yarn is sold for ₹ 8,50,000.

Activity C: Land measuring 1 acres is let out to Mr. Ramesh on monthly rental of ₹ 15,000 which is used by Mr. Ramesh as follows:

- 50% of land is used for agricultural purpose and
- 50% of land is used for non-agricultural purpose.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions (1-3)

1. What amount of income arising from activity A would constitute agricultural income in the hands of Mr. Kishan?
 - a) ₹ 5,00,000
 - b) Nil
 - c) ₹ 3,60,000
 - d) ₹ 1,40,000

(2 Marks)

2. What amount of income from activity B with respect to sale of cotton would constitute agricultural income or/and business income in the hands of Mr. Kishan?
 - a) ₹ 1,75,000 as agricultural income
 - b) ₹ 1,75,000 as business income
 - c) ₹ 1,75,000 as agricultural income and ₹ 2,62,500 as business income
 - d) ₹ 4,00,000 as agricultural income

(2 Marks)

3. What amount of the income from activity B with respect to sale of yarn constitute agricultural income or/and business income in the hands of Mr. Kishan?
 - a) ₹ 1,50,000 as agricultural income
 - b) ₹ 2,62,500 as agricultural income and ₹ 1,50,000 as business income
 - c) ₹ 3,37,500 as agricultural income and ₹ 1,50,000 as business income
 - d) ₹ 4,12,500 as business income

(2 Marks)

CASE SCENARIO :2

Mr. Rajesh Sharma, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of ₹ 58,000 per month. He used to travel frequently out of India for his office work. He left India from Delhi Airport on 5th October, 2024 and returned to India on 2nd April, 2025.

For previous year 2024-25, following information are relevant -

Dearness Allowance - 10% of Basic Pay (considered for retirement purposes)

- a) Bonus - ₹ 98,000
- b) Medical allowance paid during P.Y. 2024-25 amounting to ₹ 60,000
- c) He was also reimbursed medical bill of his mother amounting to ₹ 15,000.
- d) He was also transferred a laptop by company for ₹ 15,000 on 31st December, 2024. The laptop was acquired by company on 1st October, 2021 for ₹ 1,00,000. Company was charging depreciation at 31.666% assuming useful life of laptop as 3 years.
- e) He was also reimbursed salary of house servant of ₹ 4,000 per month.
- f) Professional tax paid by employer amounting to ₹ 2,400.
- g) 400 equity shares allotted by ABC India Ltd. at the rate of ₹ 250 per share against fair market value of share of ₹ 350 on the date of exercise of option.
- h) Short-term capital gain on sale of shares in May 2024 of listed company on which STT is paid amounting to ₹ 94,000.

Mr. Rajesh has exercised the option to shift out of the default tax regime under section 115BAC. Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: (4-6)

- 4. What is Mr. Rajesh Sharma's residential status for the A.Y. 2025-26?
 - a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident from the given information
 - b) Non-Resident
 - c) Resident but not ordinarily resident
 - d) Resident and ordinarily resident
- 5. What are his taxable perquisites for A.Y. 2025-26?
 - a) ₹ 55,000
 - b) ₹ 90,400
 - c) ₹ 1,05,400
 - d) ₹ 1,03,000
- 6. What is the income chargeable under the head "Salaries" in the hands of Mr. Rajesh Sharma for A.Y. 2025-26?
 - a) ₹ 9,76,600
 - b) ₹ 9,86,600
 - c) ₹ 9,71,600
 - d) ₹ 9,61,600
- 7. Raju earned 25,000 from lotteries, ₹ 10,000 from betting, ₹ 50,000 from online games (on internet) and lost ₹ 5,000 in card games during P.Y. 2023-24. The amount of tax to be charged for A.Y. 2024-25 will be -
 - a) 30% of (₹ 25,000+₹ 10,000) + 20% of ₹ 50,000 and adjustment of unexhausted basic limit is permitted against this income.
 - b) 30% of (₹ 25000 + ₹ 10,000 + ₹ 50,000 - ₹ 5,000) and adjustment of unexhausted basic limit is permitted against this income.
 - c) 30% of (₹ 25,000 + ₹ 10,000 + ₹ 50,000) and adjustment of unexhausted basic limit is not permitted against this income.

- d) 30% of (₹ 25,000 - ₹ 5,000) + 20% of (₹ 10,000 + ₹ 50,000) and adjustment of unexhausted basic limit is not permitted against this income.

(2 Marks)

8. AMT liability are not attracted to: Choose the correct answer from the following:
- Individual/AOP
 - HUF/BOI/Artificial Juridical person not paying tax under default tax regime.
 - Individual/HUF/BOI/AOP
 - Individual/HUF/BOI/AOP paying tax under default tax regime.

(1 Mark)

SECTION B

QUESTION NO 1 is compulsory and answer any 1 questions from remaining 2 questions

Question 1:

Mr. Rohit, a resident individual, aged 65 years, is a qualified medical practitioner. He runs his own clinic. Income & Expenditure A/c of Mr. Rohit for the year ending March 31st 2024 is as under:

Expenditure	₹	Income	₹
To Salary to Staff	8,20,000	By Consultation Fees	22,00,000
To Administrative Expenses	5,90,000	By Salary received from Care Hospital Pvt. Ltd.	1,80,000
To Conveyance Expenses	24,000	By Rental Income from House Property	78,000
To Power & Fuel	24,000	By Dividend from Foreign Companies	10,000
To Interest on Housing Loan	1,00,000		
To Interest on Education Loan for son	26,000		
To Amount paid to scientific research association approved & notified u/s 35	25,000		
To Net Profit	8,59,000		
Total	24,68,000	Total	24,68,000

Following is the further information relating to Financial Year 2023-2024:

- (i) He is working part-time with Care Hospital Pvt. Ltd. His Salary details are as under:

Basic Pay	₹ 13,000 p.m.
Transport Allowance	₹ 2,000 p.m.
TOTAL	₹ 15,000 p.m.

Further, during P.Y. 2023-24 his son had undergone a medical treatment in Care

Hospital Pvt. Ltd. free of cost. The hospital would have charged a sum of ₹ 1,00,000 for a similar treatment to unrelated patients.

- (ii) He owns a residential house. The ground floor of the house (50% portion) is self-occupied by him while first floor of the house (50% portion) has been rented out since 01/10/2023. The reconstruction of the entire house was started on 01.04.2023 and was completed on 30.09.2023.

The monthly rent is ₹ 10,000. The tenant also pays ₹ 3,000 p.m. as power back-up charges. He took a housing loan of ₹ 12 lakhs on 01.04.2023. Interest on housing loan for the period 01.04.2023 to 30.09.2023 was ₹ 60,000 and for the period 01.10.2023 to 31.03.2024 was ₹ 40,000. During the year, he also paid municipal taxes for the F.Y. 2022-23 ₹ 4,000 and F.Y. 2023-24 ₹ 6,000.

(iii) Other Information:

- a) Payment of salary of ₹ 25,000 per month to sister-in-law of Mr. Rohit, who was in- charge of the Accounts & Receivables department.
However, in comparison to similar work profile, the reasonable salary at market rate is ₹ 20,000 per month.
 - b) Conveyance expenses include a sum of ₹ 12,000 incurred for conveyance from house to Care Hospital Pvt. Ltd. and vice-versa in relation to his employment.
 - c) Power and fuel expenses include a sum of ₹ 6,000 incurred for generator fuel for providing power back up to the tenant.
 - d) Administrative expenses include a sum of ₹ 10,000 paid as Municipal Taxes for his house.
 - e) Clinic Equipment details are:
Opening W.D.V. of Clinic Equipment as on 01.04.2023 was ₹ 1,00,000 and fresh purchase made on 28.08.2023 for ₹ 25,000 which was paid in cash.
 - f) He also paid tuition fees of ₹ 40,000 for his Grand Daughter, which is debited to his capital a/c.
 - g) He availed a loan of ₹ 8,00,000 from bank for higher education of his son. He repaid principal of ₹ 50,000 and interest of ₹ 26,000 during P.Y. 2023-2024.
- You are required to compute his net taxable income and net tax liability for the A.Y. 2024-25 if he has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A).

(15 MARKS)

Question 2A:

Mr. Shiva purchased a house property on February 15, 1979 for Rs.3,24,000. In addition, he has also paid stamp duty @10% on the stamp duty value of Rs.3,50,000.

In April, 2008, Mr. Shiva entered into an agreement with Mr. Mohan for sale of such property for Rs.14,35,000 and received an amount of Rs.1,11,000 as advance.

However, the sale consideration did not materialize and Mr. Shiva forfeited the advance.

In May 2015, he again entered into an agreement for sale of said house for Rs.20,25,000 to Ms. Deepshikha and received Rs.1,51,000 as advance. However, as Ms. Deepshikha did not pay the balance amount, Mr. Shiva forfeited the advance. In

August, 2015, Mr. Shiva constructed the first floor by incurring a cost of Rs.3,90,000.

On November 15, 2024, Mr. Shiva entered into an agreement with Mr. Manish for sale of such house for Rs.30,50,000 and received an amount of Rs.1,50,000 as advance through an account payee cheque. Mr. Manish paid the balance entire sum and Mr.

Shiva transferred the house to Mr. Manish on February 20, 2025. Mr. Shiva has paid the brokerage @1% of sale consideration to the broker.

On April 1, 2001, fair market value of the house property was Rs.11,85,000 and Stamp duty value was Rs.10,70,000. Further, the Valuation as per Stamp duty Authority of such house on 15th November, 2024 was Rs.39,00,000 and on 20th February, 2025 was Rs.41,00,000.

Compute the capital gains in the hands of Mr. Shiva for A.Y.2025-26. Also, compute the tax liability under section 112, assuming that the basic exemption limit has been fully exhausted against other income.

CII for F.Y. 2001-02: 100; F.Y. 2008-09: 137; F.Y. 2015-16: 254; F.Y. 2024-25: 363

(6 MARKS)

Question 2B:

Briefly discuss the provisions of tax deducted at source and compute the amount of TDS under the Income tax Act in respect of the following payments:

- (i) 51,000 paid to Mr. A, a resident individual as interest income on compensation awarded by Motor Accidents Claims Tribunal by a transport company.
- (ii) Ms. Aruna is a Chief Executive Officer of a multi-national company. She hires Mr. Suresh for supply of her housing staff (like gardener, chefs and drivers etc.)

And makes the following payments to him 25,00,000/- on 10th August, 2024 and 30,00,000 on 22nd November, 2024. Determine the amount of tax to be deducted/ collected at source ,if any .Would your answer be different, If Ms. Aruna Is a business woman and her books are not audited in immediately preceding financial year and payment to Mr. Suresh is for business purposes.

- (iii) Mr. Naresh won~ 15,00,000 in Kon Banega Crorepati

- (iv) Miss Tara, resident individual aged 32 years, is a social media Influencer, She makes videos reviewing various electronic items and posts those videos on social media. On 1st December 2024, TB Ltd., an Indian company manufacturer of electronic cars gave her a brand new car having fair market value of ₹ 6 lakhs to promote on her social media page. She used that car for 7 months for her personal purposes, recorded a video reviewing the car and then returned the car to the company, You are required to discuss the applicable provisions in the Income-tax Act regarding the deduction of tax at source In respect of such transaction.

(4 MARKS)

Question 3A:

- a) What is the meaning of Micro and Small Enterprise u/s 43B of Income Tax Act, 1961?
- b) Mr. Gamma, a proprietor started a business of manufacture of tyres and tubes for motor vehicles on 1.1.2024. The manufacturing unit was set up on 1.5.2024. He commenced his manufacturing operations on 1.6.2024. The total cost of the plant and machinery installed in the unit is Rs. 120 crore. The said plant and machinery included second hand plant and machinery bought for Rs. 20 crore and new plant and machinery for scientific research relating to the business of the assessee acquired at a cost of Rs. 15 crore.

Compute the amount of depreciation allowable under section 32 of the Income-tax Act, 1961 in respect of the assessment year 2025-26. Assume that all the assets were purchased by way of account payee cheque and Mr. Gamma has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A).

Question 3A:

Balamurugan furnishes the following information for the year ended 31-03-2025:

Particulars	Rs.
Income from textile business	(1,35,000)
Income from house property	(15,000)
Lottery winning (Gross)	5,00,000
Speculation business income	1,00,000
Income by way of salary (Computed)	2,70,000
Long-term capital gain u/s 112 taxable @ 20%	70,000

Compute his total income, tax liability and advance tax obligations under default tax regime under section 115BAC.

Question 3B:

Balamurugan furnishes the following information for the year ended 31-03-2025:

Particulars	Rs.
Income from textile business	(1,35,000)
Income from house property	(15,000)
Lottery winning (Gross)	5,00,000
Speculation business income	1,00,000
Income by way of salary (Computed)	2,70,000
Long-term capital gain u/s 112 taxable @ 20%	70,000

Compute his total income, tax liability and advance tax obligations under default tax regime under section 115BAC.

Question 4A:

Mr. Rajat submits the following information for the financial year ending 31st March, 2025. He decides to pay tax under the default tax regime u/s 115BAC. He desires that you should:

- Compute the total income; and
- Ascertain the amount of losses that can be carried forward.

Particulars	₹
(i) He has two let out house property:	
a) House No. I – Income after all statutory deductions	72,000
b) House No. II – Current year loss	(30,000)
(ii) He has three proprietary businesses:	
a) Textile Business:	
(i) Discontinued from 31st October, 2024 – Current year loss	40,000
(ii) Brought forward business loss of A.Y. 2020-21	95,000
b) Chemical Business:	
(i) Discontinued from 1st March, 2022 – hence no profit/loss	Nil
(ii) Bad debts allowed in earlier years recovered during this year	35,000
(iii) Brought forward business loss of A.Y. 2021-22	50,000
c) Leather Business: Profit for the current year	1,00,000
d) Share of profit in a firm in which he is partner since 2009	16,550
(iii) (a) Short-term capital gain	60,000
(b) Long-term capital loss	35,000
(iv) Contribution to LIC towards premium	10,000

Question 4B:

Mr. Vikas filed his return of income for AY 2025-26 within the due date u/s

139(1). Later, he received a defective-return notice u/s 139(9) for non-uploading of the audit report required u/s 44AB.

- What is the time limit available to rectify such defect?
- What is the consequence if the defect is not rectified within the prescribed period?

Or

An individual having total income of ₹4,70,000 has not filed the return of income for AY 2025-26.

State whether he is required to file a return under Section 139(1), assuming he has deposited ₹1.10 crore in a current account maintained with a nationalised bank during the year.

CA INTER - GST TEST SERIES JAN' 26 EXAM**Section – A: MCQ'S (15 Marks)****Case Scenario – I**

Bright Star Pvt. Ltd., a regular GST registered supplier of both taxable and exempted goods, is located in Shimla, Himachal Pradesh. The company provides the following details:

- (i) The aggregate turnover (all intra-State) of goods exceeded ₹ 20 lakh on 29th July 2024 and ₹ 40 lakh on 16th August 2024. It submitted the application for GST registration on 30th August, 2024. The registration certificate is granted to it on 8th September 2024.
- (ii) It also entered into a contract with Zenith Ltd. of Manali, Himachal Pradesh on 10th September 2024 for the supply of taxable goods worth ₹ 15 lakh. The payment for the same was received on 12th September 2024. The goods were scheduled for delivery on 25th September, 2024 but were removed from the factory on 24th September, 2024.
- (iii) It has opted monthly filing of GSTR 3B return and filed GSTR 3B return for the month of September, 2024 on 19th December 2024. The prescribed due date to file the said GSTR 3B return was 20th October, 2024. The amount of net GST payable in cash on supplies made for said September month work out to be 56,000 which was paid on 19th December, 2024.

Based on the above information, choose the correct answer for the questions 1 to 3.

1. The effective date of registration under the CGST Act, 2017, of Bright Star Pvt. Ltd. is:
(a) 29th July 2024
(b) 16th August 2024
(c) 30th August 2024
(d) 8th September 2024

(2 Marks)

2. The date by which an invoice must be issued to Zenith Ltd. is:
(a) 10th September 2024
(b) 12th September 2024
(c) 25th September 2024
(d) 24th September 2024

(2 Marks)

3. The amount of interest payable for delay in payment of GST as per section 50 of the CGST Act 2017 is:
(a) ₹ 1,629
(b) ₹ 1,657
(c) ₹ 2,209
(d) ₹ 2,182

(2 Marks)

Case Scenario – II

M/s. Maahi & Co., a LLP registered dealer under GST, is engaged in various types of business activities.

It provided GTA services to Government Department, registered under GST for providing various services. Maahi & Co. did not exercise the option to pay GST.

The firm provided service by way of renting of residential dwelling to the student, Mr. Pawan, an unregistered person.

M/s Maahi & Co let out its warehouse to Mr. Shankar, who in turn let out to an agriculturist for warehousing of agricultural produce. The firm also undertakes catering service to "Vishwas" Anganwadi. The said Anganwadi has received fundings from the Government.

The firm purchased the following goods during the month of July:-

- a) Capital goods amounting to ₹ 45,000 purchased on which depreciation has been taken on full value including GST paid thereon.
- b) Raw materials purchased amounting to ₹ 55,000 for which invoice is missing but delivery challan is available.

Further, for the month of July, the GST liability of the firm was ₹ 20,000 IGST; ₹ 10,000 CGST; ₹ 10,000 SGST. The following credits were available in the said month-

IGST: ₹ 8,000

CGST: ₹ 12,000

SGST: ₹ 5,000

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred to above is intra-State unless specified otherwise. Conditions for availing ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 4 to 8 below:-

4. Choose the correct statement(s).

- (i) For GTA services, Government is liable to pay GST under reverse charge
- (ii) For renting services, Mr. Pawan is liable to pay GST under reverse charge
- (iii) For GTA services, Maahi & Co is liable to pay GST under forward charge
- (iv) For renting services, Maahi & Co is liable to pay GST under forward charge

- (a) i & ii
- (b) iii & iv
- (c) i & iv
- (d) ii & iii

(1 Marks)

5. Which of the following options is correct in respect of GTA services provided to Government Department?

- (a) GTA service is taxable @ 12% without restriction of availing input tax credit.
- (b) GTA service is taxable @ 12%, but input tax credit cannot be availed for the same.
- (c) GTA service is taxable @ 5% without restriction of availing input tax credit.
- (d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.

(2 Marks)

6. Which of the following statements is correct:-

- (i) Letting out of warehouse to Shankar is exempt
- (ii) Catering service to "Vishesh" Anganwadi is exempt
- (iii) Letting out of warehouse to Shankar is not exempt
- (iv) Catering service to "Vishesh" Anganwadi is not exempt

- (a) i & ii
- (b) iii & iv
- (c) i & iv
- (d) ii & iii

(2 Marks)

7. M/s Maahi & Co is eligible to claim input tax credit on the procurement value of

- (a) ₹ 45,000
- (b) ₹ 55,000
- (c) ₹ 1,00,000
- (d) Nil

(2 Marks)

8. Compute the GST liability of the firm for July to be paid in cash, if rule 86B of the CGST Rules, 2017 is not applicable?
- (a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
 (b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
 (c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
 (d) IGST: ₹ 5,000; CGST: Nil, SGST: ₹ 10,000

(2 Marks)

Section B: Descriptive

(Question No. 1 is compulsory and answer any 2 out of 3 given below)

QUESTION 1(A):

M/s Dynamic Traders, a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 2023:

S.No.	Details of transactions	Amount (₹)
(i)	Intra-State taxable supply of Direct Selling Agent (DSA) service to public sector Bank.	2,50,000
(ii)	Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST; This is an intra-State supply availed.	98,000
(iii)	Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia. Mr. Waugh refused to take any consideration. Open Market value of said service was ₹ 1,25,000.	-
(iv)	Provided training and performance appraisal services in Bengaluru to following persons:	
	(a) ABC Private Limited, a registered supplier in the State of Kerala	3,00,000
	(b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST	1,00,000
(v)	supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamilnadu.	6,00,000
(vi)	Availed the services of Rudra Goods transport agency (registered in K.A) for transportation of the machinery to Keyan wind Farms Ltd. Applicable rate of GST is 12% in invoice issued by them	3,00,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
 (ii) All the amounts given above are exclusive of taxes.
 (iii) All the conditions necessary for availing the ITC have been fulfilled.
 (iv) There was no opening balance of any input tax credit.
 (v) The turnover of M/s Cute & Co was ₹ 2 crore in the previous financial year.
 Compute the net GST payable in cash, by M/s Dynamic Traders for the month of October, 2023.
 Correct legal provisions should form part of your answer

[10 MARKS]

QUESTION NO. 1(B):

Hema Pesticides Pvt. Ltd., a registered person under the GST law, furnishes the following data for the GST paid by them in the month of February, 2022:

Particulars	Amount (₹)
GST on machinery purchased and used in the factory premises	92,000
GST on machinery purchased and sent directly to a job worker working for the company	42,000
GST on car purchased (Used mostly for business purposes; 25% usage estimated for personal use of the directors)	2,10,000
GST on raw materials purchased (Goods are received in lots/instalments and 25% of the materials were received in February, 2022)	2,00,000
In the earlier month, GST has been paid on another lot, for which 90% delivery had been completed then and in the current month, balance materials were received. GST paid in the earlier month was	1,60,000
GST on health insurance premium paid for the employees working in the factory. Providing this is optional and the company has taken out this measure to improve the relations with the labourers.	24,000

You are required to determine the quantum of input tax credit available to the above registered supplier for the given month.

[5 MARKS]

QUESTION NO. 2(A):

The goods manufactured by Triton Manufacturing Ltd., a registered unit in Aurangabad, Maharashtra, have been exempted from GST with effect from 14th November, 20XX. Prior to this date, the goods were taxable at the rate of 18%, and the inputs used in manufacturing these goods attracted GST at the rate of 12%.

As on 14th November 2025, the company has the following in its records:

Inputs valued at ₹1,68,960 are lying in stock.

Inputs worth ₹89,520 are contained in goods that are still under process.

Finished goods valued at ₹5,80,800 are also lying in stock, where the cost of inputs is 50% of the value, i.e., ₹2,90,400.

In addition to this, the company had purchased capital goods for ₹2,40,000 and paid GST at 28% thereon through an invoice dated 12th July 2025.

The electronic credit ledger balance of Triton Manufacturing Ltd. as on 14th November 2025 stands at ₹3,35,980.

The GST department has directed the company to reverse the input tax credit that relates to inputs lying in stock, inputs contained in semi-finished goods, and those present in finished goods. However, Triton Manufacturing Ltd. argues that once ITC has been validly availed, it becomes indefeasible and is not required to be reversed.

You are required to determine the correct GST treatment of such credit reversal under the CGST Act, 2017.

Additionally, what would be the position if the balance in the electronic credit ledger as on 14th November, 2025 were only ₹35,980?

[5 MARKS]

QUESTION NO. 2(B):

X Ltd supplier has received two different purchase orders from Education Department a unit of State Government of Tamil Nadu specified under Section 51. The details of two purchase orders are—

- Purchase Order No. 001 for ₹3,00,000 (inclusive of tax ₹60,000)
- Purchase Order No. 002 for ₹3,50,000.

Person has received goods in the month of July 20XX. The bills are approved and payment is made on 15-8-20XX.

Find the following—

- a) Quantum of TDS and person liable to deduct TDS u/s 51.
- b) Last date of payment of TDS
- c) Date of furnishing certificate to supplier (i.e. Form GSTR-7A)
- d) Date of furnishing return (i.e. From GSTR-7)
- e) Penalty for late furnishing of Form GSTR-7A

[5 MARKS]**QUESTION NO. 3(A):**

Shell Dune Limited is engaged in manufacture of taxable electronic goods. Its two manufacturing units are located in Mumbai and Nagpur and both the units are registered under GST in the State of Maharashtra. The company has another manufacturing unit in Bangalore, registered under GST in the State of Karnataka and a retail showroom located in Ahmedabad, registered under GST in the State of Gujarat.

The company has provided the following details of the activities/transactions undertaken in a tax period:

S.No.	Particulars	Mumbai Unit (₹)	Nagpur unit (₹)
1	Sale of taxable goods	12,50,000	13,50,000
2	Interest received on fixed deposits with a nationalised bank		1,08,000
3	Sale of securities [Such securities were purchased for ₹ 2,75,000]	4,50,000	
4	Sale of agricultural land in the vicinity of the manufacturing plant [Stamp duty was paid on ₹ 1,85,00,000]		1,85,00,000
5	Sale of old factory building which was not used anymore [Stamp duty was paid on ₹ 75,00,000]	90,00,000	
6	Transfer of actionable claims (other than casinos, online gaming and horse racing)		2,00,000

With the help of above information, you are required to determine the value of exempt supply under GST law as provided by Nagpur unit and Mumbai unit for the purpose of apportionment of ITC under section 17(3) of the CGST Act, 2017.

[5 MARKS]**QUESTION NO. 3(B):**

(a) Answer the following questions:

- (i) Mr. Jagmag is a registered dealer in Kerala paying tax under composition levy from 1st April. However, he opts to pay tax under regular scheme from 1st December. Is he liable to file GSTR-4 for the said financial year during which he opted out of composition scheme?
- (ii) Mrs. Gargi, a registered dealer in Rajasthan, did not file GSTR-3B for the month of June, but she wants to file GSTR-3B for the month of July. Is it possible? Answer with reference to section 39 of the CGST Act, 2017.

[5 MARKS]

QUESTION NO. 4(A):

Harmonia Entertainment Pvt. Ltd., owned by Aarav Mehta – a renowned classical singer – plans to organize the “Aarav Mehta Live Music Concert” in Bengaluru, Karnataka. Harmonia Entertainment Pvt. Ltd., which is registered under GST in Pune, Maharashtra, enters into a contract with an event management company, Spectra Events Pvt. Ltd., which is registered under GST in Hyderabad, Telangana, for organizing the concert at an agreed consideration of ₹12,50,000.

Spectra Events Pvt. Ltd. books the lawns of Grand Vista Hotel, Bengaluru (which is registered under GST in Karnataka) for hosting the music concert, for a lump sum amount of ₹5,50,000.

Harmonia Entertainment Pvt. Ltd. sets the ticket price for the concert at ₹4,800 per ticket, and 500 tickets are sold.

Determine the following:

1. CGST and SGST or IGST liability for the transactions involved.
2. Would the tax implications change if the ticket price is reduced to ₹400 per ticket

[5 MARKS]**QUESTION NO. 4(B):**

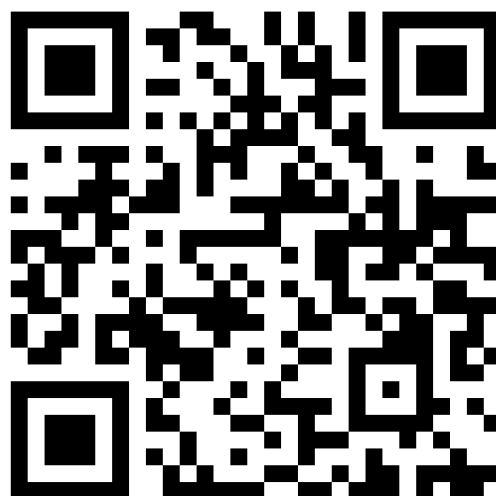
Discuss taxability of shares held in a subsidiary company by holding company?

(or)

Discuss whether the amount available in the electronic credit ledger can be used for making payment of any tax under the GST Laws?

[5 MARKS]

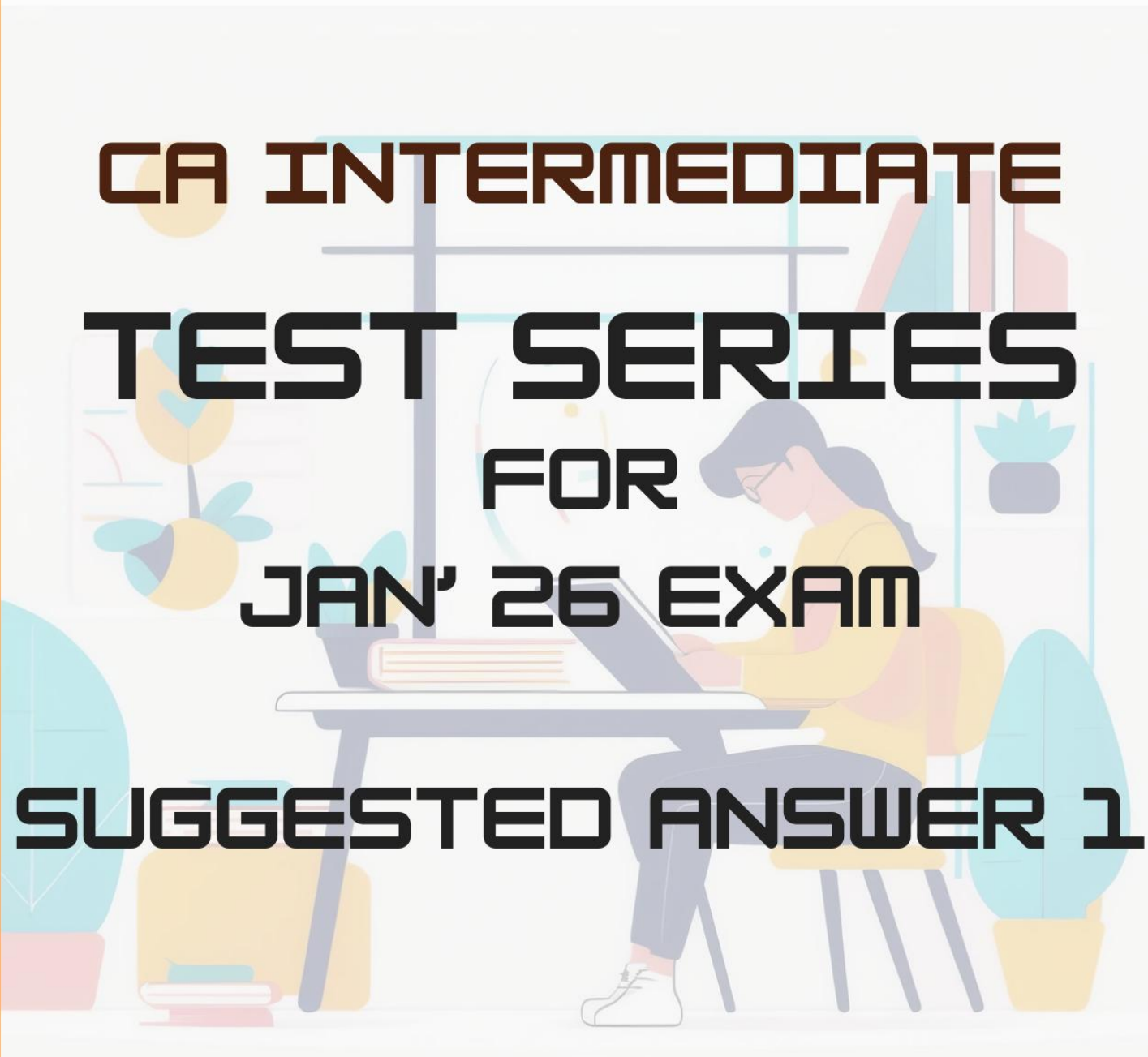
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Portion Covered

Introduction to GST

Supply under GST

Liability to pay GST

Exemptions

Place of supply

Time of supply

Section – A: MCQ'S (15 Marks)

MCQ No.	Correct Option	Explanation
1	Option (a) Free laptops distributed to the deprived students	As per the provisions of Section 7 of the CGST Act, 2017, the activity of distribution of laptops to deprived students is not a supply as the same does not involve any flow of consideration from such students to the trust. Further, the activity is not covered under Section 7(a)(a) of the CGST Act, 2017 or under Schedule I of the CGST ACT, 2017.
2	Option (d) Nil	The services by way of security services provided to a higher secondary school is exempt from GST as per Entry 66 of the Exemption Notification No. 12/2017 CT(R) dated 28.06.2017. Further, the legal consultancy services by a firm of advocates to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017, are exempted from GST as per Entry 45 of the Exemption Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, both the security as well as legal consultancy services received by the trust in relation to the school are exempted from GST.
3	Option (c) ₹ 3,35,000	As per Exemption Notification No. 12/2017 CT(R) dated 28.06.2017, following services are exempt:- (a) Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AB of the Income Tax Act, 1961 except: (i) renting of rooms where charges are ₹ 1,000 or more per day; (ii) renting of community halls where charges are ₹ 10,000 or more per day; [Entry 13 of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017] (b) Services by an old age home run by Central Government, State Government or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more)

		<p>against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance. [Entry 9D of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017]</p> <p>In the present case only renting of community hall will be taxable as the charges are more than ₹ 10,000 per day.</p>
4	Option (b) ₹ 11,000	<p>As per Exemption Notification No. 12/2017 CT(R) dated 28.06.2017, following services are exempt:-</p> <p>(a) Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AB of the Income Tax Act, 1961 except:</p> <p>(i) renting of rooms where charges are ₹ 1,000 or more per day;</p> <p>(ii) renting of community halls where charges are ₹ 10,000 or more per day; [Entry 13 of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017]</p> <p>(b) Services by an old age home run by Central Government, State Government or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance. [Entry 9D of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017]</p>
5	(b)	<p>(i) Leasing of space to independent vendors in its food court against rental charges – Supply u/s 7(1)(a)</p> <p>(ii) Dispatch of advertisement material to Surat, Gujarat – Supply u/s 7(1)(c) – Transactions between distinct persons</p> <p>(iii) Dispatch of advertisement material to Pune, Maharashtra – Not obtained separate registration within the state for additional place of business. Therefore, it is not a supply.</p> <p>(iv) Allowing celebrities to watch the premier show – Not a supply as activity is without consideration and not covered under 7(1)(c) read with schedule I</p>
6	(a)	<p>Sale of premier tickets involving supply of food as a part of ticket is treated as composite supply and taxable based on principal supply i.e., admission to theatre = ₹1,500 × 18% = ₹270. However, if food is not provided as a complementary to ticket, then it is taxable as individual supplies.</p>
7	(d)	<p>Local body tax levied by state government is not subsumed in GST. Also, entertainment tax levied by local authority also not subsumed in GST. Consequently, such tax is payable.</p>
8	(c)	<p>As per Sec. 2(31) of CGST Act, refundable security deposits are not included in the meaning of consideration. Consequently, GST not payable on refundable deposits.</p>

Section B: Descriptive
(Question No. 1 is compulsory and answer any 2 out of 3 given below)
ANSWER TO QUESTION 1:
Computation of output tax liability of Galaxy Cube Pvt. Ltd. For May, 2025

Particulars	Value	CGST	SGST
GST payable under forward charge			
Supply of laptop to Managing Director's Friend [Since supply is made to an unrelated person (Managing Director's friend not being a related person) and price is the sole consideration, value of supply is the transaction value i.e. the price actually paid or payable for the said supply.]	60,000	3,600 [60,000 × 6%]	3,600 [60,000 × 6%]
Supplied printed letter cards to M K Industries [Since letter cards are supplied by the printer using its own physical inputs to print the logo supplied by the recipient, it is a composite supply wherein the predominant/ principal supply is supply of goods]	5,00,000	30,000 [5,00,000 × 6%]	30,000 [5,00,000 × 6%]
Transportation of passenger services by an omnibus provided through electronic commerce operator (ECO) [Tax on transportation of passengers services by an omnibus provided through ECO by a company is not a notified service under section 9(5) of the CGST Act, 2017 and hence tax is payable by Galaxy Cube Private Ltd. and not by the ECO since the person supplying such service through ECO is a company.]	12,58,000	1,13,220 [12,58,000 × 9%]	1,13,220 [12,58,000 × 9%]
Catering services to Excel University [Taxable/Not exempt since catering services are exempt only when such services are provided to an educational institution providing services by way of pre-school education & education up to higher secondary school or equivalent. In this case, catering services are provided to an educational institution providing education as a part of a curriculum for obtaining a qualification recognized by any law. Thus, same are taxable]	2,12,000	19,080 [2,12,000 × 9%]	19,080 [2,12,000 × 9%]
commissioning services under pure labour contract to M/s. Raj Builders for multi-storey residential complex. [Taxable/Not exempt since the services are not in relation to individual house but in relation to complex]	4,50,000	40,500 [4,50,000 × 9%]	40,500 [4,50,000 × 9%]
Stock transferred without consideration to its branch in Gujarat and branch has the same GSTIN [Not a supply as branch is in the same state and not separately registered. Consequently it is not a distinct person]	N.A	-	-
GST payable under Reverse Charge			
Rent to local municipal corporation [Services provided by government to registered business entity is covered under RCM as per Notification No. 13/2017]	1,00,000	9,000 [1,00,000 × 9%]	9,000 [1,00,000 × 9%]
Renting of residential property [Services by way of renting of residential property for residential purpose, where recipient is registered is covered under RCM as per Notification No. 13/2017]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]

Donation to old age home where recipient name is entered [As per CBIC circular, when donor's name is mentioned against donation which leads to business advantage to donor it is conditional donation and treated as sponsorship service. In case of sponsorship service by a person other than body corporate to body corporate/firm is covered under RCM as per Notification No. 13/2017]	4,50,000	40,500 [4,50,000 × 9%]	40,500 [4,50,000 × 9%]
Total GST payable by Galaxy Cube Private Ltd., for May 2025		2,60,400	2,60,400

[10 MARKS]
ANSWER TO QUESTION NO. 1(B):

As per Sec. 11 read with Notification No. 12/2017, services by an acquiring bank, to any person, in relation to settlement of an amount up to ₹2,000 in a single transaction, transacted through credit card, debit card, charge card, or other payment card service is exempted.

"Acquiring bank" includes banks, NBFCs, or any person who makes payment to the merchant accepting such cards.

As per clarification in Circular, RBI-regulated PAs qualify as "acquiring banks" only for payment settlement and are eligible for exemption. However, the exemption is not available for payment gateway charges.

Type of Service Provided	Avg. Transaction Value	Fees Charged (Total)	Taxability
Payment settlement (card transactions)	₹1,500	₹4,00,000	Exempted as transaction amount is upto ₹2,000
Payment settlement (UPI transactions)	₹2,500	₹3,00,000	Taxable as the said exemption is for card transactions
Payment gateway charges (Card transactions)	₹1,500	₹3,60,000	Taxable as the exemption is only for payment settlement
Payment gateway charges (UPI transactions)	₹2,500	₹2,60,000	Taxable as the exemption is only for payment settlement
Value of taxable supply		₹10,20,000	
GST payable on above		₹1,65,600	

[5 MARKS]
ANSWER TO QUESTION NO. 2(A):

- (a) As per para 9 of Schedule III of the CGST Act, 2017, activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured is neither supply of goods nor supply of services and hence no GST is charged on the apportionment transaction. However, the lead insurer (ABC Insurance Ltd.) is required to pay the entire GST (CGST and SGST or IGST, as applicable) on the full premium amount paid by the insured – Gyati Industries, of ₹ 50,00,000. The co-insurer – XYZ Insurance Ltd. does not pay GST on its share of the premium separately.
- (b) As per para 10 of Schedule III of the CGST Act, 2017, services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer is neither supply of goods nor supply of services, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance

commission. However, the reinsurer (PQR Reinsurers Ltd.) is liable to pay GST on the gross reinsurance premium payable by the insurer (₹ 20 lakh), inclusive of the ceding commission (₹ 1 lakh).

[5 MARKS]

ANSWER TO QUESTION NO. 2(B):

- 1) As per Sec. 11 read with Notification No. 12/2017, Import of services other than OIDAR service by Government for other than business or commerce is exempted. In the present case import of services of ₹12,00,000 for pollution control by Government is for noncommercial purposes and therefore it is exempted. When they recover ₹3,00,000 from Delhi Government, the same is also exempted under services provided by one department of government to another department of government (Inter departmental services)
- 2) As per Sec. 11 read with Notification No. 12/2017, services provided by Indian tour operator to a foreign tourist in relation to tour partly conducted in India and partly outside India is exempted as follows:
 - a) Total Consideration $\times \frac{\text{No. of days tour outside India}}{\text{Total no. of days for which tour is conducted}}$ (or)
 - b) Total Consideration $\times 50\%$, whichever is lower

Accordingly, For computing the no. of days, ≥ 12 hours is considered as full day and < 12 hours is considered as half day.

In the present case, $\text{₹}10,00,000 \times \frac{6}{9.5} = \text{₹}6,31,579$ (or) $\text{₹}10,00,000 \times 50\% = \text{₹}5,00,000$ whichever is lower is exempted i.e., ₹5,00,000
- 3) As per Sec. 11 read with Notification No. 12/2017, one time upfront charges for long term lease of land by State Government industrial development corporation (or) establishment in which $\geq 20\%$ invested by Government to any industry or developer of infrastructure for finance business, is exempted. In the present case ₹30 lakhs collected by Kerala Industrial development corporation is exempted. However, annual lease rental of ₹5 lakhs is taxable as the exemption is only for one time charges.
- 4) Services provided by training body or training partner approved by NSDC or NCVET is covered under exemption. In the present case, Skill Bridge is an approved training partner and even though they are not approved training body, services provided by them are exempted.
- 5) Contribution collected under Motor vehicle insurance fund from the insurance companies out of premium collected towards third party insurance is specifically covered under exemption.

[5 Marks]

ANSWER TO QUESTION NO. 3(A):

Inward Supply	Amount	GST Rate	GST Amount	ITC Allowed
Google Ads and marketing	₹1,00,000	18%	₹18,000	₹18,000
Office Rent	₹70,000	18%	₹12,600	₹12,600
Laptops	₹1,20,000	18%	₹21,600	₹21,600
Catering for training	₹20,000	5%	₹1,000	Nil
Cloud Server Subscription	₹60,000	18%	₹10,800	₹10,800
Total ITC				₹63,000

Tax Payable Under Section 9(5):

Nature of Supply	Value	GST Rate	Tax Liability	Payment Mode
Homestay Booking	₹10,00,000	12% (6% CGST + 6% SGST)	₹1,20,000	In Cash only

→ ₹60,000 CGST + ₹60,000 SGST

Tax on UrbanStay's Own Services (Forward Charge):

Nature	Value	GST Rate	Tax
Platform Fee	₹2,00,000	18%	₹36,000
Ad Revenue	₹1,00,000	18%	₹18,000

Total = ₹54,000 (₹27,000 CGST + ₹27,000 SGST) Can be paid using available ITC.

- **Total Tax Payable** = ₹1,74,000
- **ITC Utilized** = ₹54,000 (Only for own supplies)
- **Cash Payable** = ₹1,20,000 (Only for Section 9(5) liability)
- **Balance ITC to be carried forward** = ₹63,000 (-) ₹54,000 = ₹9,000

[5 MARKS]

ANSWER TO QUESTION NO. 3(B):
Transaction 1:

Supply of goods involving installation at customers site – Sec. 10(1)(d) of IGST Act overriding Sec. 10(1)(a) – POS is location of installation i.e., Mumbai

Transaction 2:

Sale by ABC Enterprises to GHI Pvt. Ltd – Sec. 10(1)(a) - Place of Supply is Location where the goods are delivered (Karnataka)- Movement can be caused by supplier or any other person. Even applying Sec. 10(1)(ca) if recipient is unregistered, POS is location of recipient i.e., Karnataka.

Transaction 3:

Architects service to client – POS under Sec. 12 of IGST Act – Services in relation to immovable property – POS is location of such property i.e., Haryana

In case of subcontracting work – POS under Sec. 13 of IGST Act – Service in relation to immovable property – POS is location of such property i.e., Haryana

Transaction 4:

Transportation of Goods with Cross-Docking (B2C) – POS under Sec. 12 of IGST Act – POS is starting point of goods i.e., Chennai, Tamil Nadu

Transaction 5:

Supply of Services by a Bank with Multiple Branches (B2C) – POS under Sec. 12 of IGST Act – POS is location of recipient in the records of supplier i.e., Rajasthan

[5 MARKS]

ANSWER TO QUESTION NO. 4(A):

As per CBIC circular, TOS in case of Hybrid Annuity Model contract, is invoice date or payment date, whichever is earlier, if invoice is issued within the specified date (i.e., Milestone event date). However, if invoice not issued within the specified date (i.e., Milestone event date), then TOS is date of provision of service (i.e., due date of payment as per contract) or date of payment, whichever is earlier.

Transaction	Event Date	Invoice Date	Payment Date	Time of Supply as per Sec 13(2)	GST Applicability
Construction Milestone Payment (₹720 Crores ÷ 5 = ₹144 Crores due on 5-Dec-24)	5-Dec-2024	10-Dec-2024	20-Dec-2024	As invoice not issued within milestone event date, TOS is due date of invoice (i.e., 5-Dec-24) or date of payment (20-Dec-24) whichever is earlier i.e., 5-Dec-24	GST @ 18% on ₹144 Cr
O&M Invoice Issued (₹60 Crores due on 15-Jan-25)	15-Dec-2024	15-Dec-2024	15-Jan-2025	As invoice issued within milestone event date, TOS is date of invoice (15-Dec-24) or date of payment (15-Jan-25) whichever is earlier i.e., 15-Dec-24	GST @ 18% on ₹60 Cr
Annuity Payment with Interest (₹72 Crores, Interest ₹12 Cr due on 18-Dec-24)	18-Dec-2024	2-Jan-2025 (Delayed)	18-Dec-2024	As invoice not issued within milestone event date, TOS is due date of invoice (i.e., 18-Dec-24) or date of payment (18-Dec-24) whichever is earlier i.e., 18-Dec-24	GST @ 18% on ₹72 Cr (Including interest)
Advance for O&M (₹50 Crores due in 2025)	30-Dec-2024	Not Issued	30-Dec-2024	30-Dec-2024 (advance received)	GST @ 18% on ₹50 Cr

[5 MARKS]
ANSWER TO QUESTION NO. 4(B)

In case of an event, if the recipient of service is registered, the place of supply of services for organizing the event is the location of such person.

However, if the recipient is not registered, the place of supply is the place where event is held.

Since the event is being held in multiple states and a consolidated amount is charged for such services, the place of supply will be deemed to be in each State in proportion to the value for services determined in terms of the contract or agreement entered into in this regard.

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in each State (where the event is held) will be computed in accordance with IGST Rules by the application of generally accepted accounting principles.

[5 MARKS]

(or)

- **Securities (including shares) are neither goods nor services** under the GST framework, so their transfer isn't considered a "supply"
- **ESOPs/ESPPs/RSUs are part of employee compensation**, thus fall under Entry 1 of **Schedule III** to the CGST Act. These are not considered supplies for GST purposes.
- When the Indian subsidiary reimburses the cost on a *cost-to-cost basis*—i.e., without markup, commission, or fee—this doesn't amount to taxable import of services. No GST is due.
- **However**, if the foreign holding company charges any *additional fee, markup, or commission*, that amount is deemed consideration for a service (facilitating the securities issuance). In such cases GST is **applicable**, under **reverse charge** on the Indian subsidiary.

[5 MARKS]



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SUGGESTED ANSWER - 2

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CA INTER TEST SERIES JAN' 26 EXAM

TEST 2 – SUGGESTED ANSWER

PORTION COVERED

VALUE OF SUPPLY
INPUT TAX CREDIT
COMPOSITION SCHEME
REGISTRATION
PAYMENT PROCESS
RETURNS
ACCOUNTS & RECORDS, E WAY BILL
TDS & TCS

Section – A: MCQ'S (8 Marks)

MCQ	Justification																
1	<p>D) IGST - ₹ 9,080</p> <table> <tr> <th>Particulars</th><th>IGST (₹)</th></tr> <tr> <td> GST liability under Forward charge as supplier: Sale of Mobile phone of ₹ 30,000 to Pulkit, (Rajasthan), LOS = Delhi, POS = Rajasthan [where movement of goods terminates as per Sec 10(1)(a)] IGST on ₹30,000 [₹30,000 × 18%] = ₹5400 </td><td>5,400</td></tr> <tr> <td> Listing Fee from Infocom Limited, a seller listed on Starkart (Uttar Pradesh) = 10% of 60,000 = 6,000, [LOS = Delhi, POS = Uttar Pradesh i.e., Place of Registered Person Sec 12(2)] IGST = ₹6000 × 18% = ₹1080 </td><td>1,080</td></tr> <tr> <td> Listing Fee from Secure World, listed on Starkart (Gujarat) = 10% of ₹1,00,000 = ₹10,000, [LOS = Delhi, POS = Gujarat i.e. Place of Registered Person Sec 12(2)] IGST = ₹1000 × 18% = ₹1,800 </td><td>1,800</td></tr> <tr> <td>GST liability as Tax collector:</td><td></td></tr> <tr> <td> On supplies of Infocom Limited (U.P) listed on Starkart TCS(IGST) = 0.5% of ₹60,000 = ₹300 </td><td>300</td></tr> <tr> <td> On supplies of Secure World, (Gujarat) listed on Starkart TCS(IGST) = 0.5% of ₹1,00,000 = ₹500 </td><td>500</td></tr> <tr> <td>IGST (Net tax liability (including tax collection at source))</td><td>9,080</td></tr> </table>	Particulars	IGST (₹)	GST liability under Forward charge as supplier: Sale of Mobile phone of ₹ 30,000 to Pulkit, (Rajasthan), LOS = Delhi, POS = Rajasthan [where movement of goods terminates as per Sec 10(1)(a)] IGST on ₹30,000 [₹30,000 × 18%] = ₹5400	5,400	Listing Fee from Infocom Limited, a seller listed on Starkart (Uttar Pradesh) = 10% of 60,000 = 6,000, [LOS = Delhi, POS = Uttar Pradesh i.e., Place of Registered Person Sec 12(2)] IGST = ₹6000 × 18% = ₹1080	1,080	Listing Fee from Secure World, listed on Starkart (Gujarat) = 10% of ₹1,00,000 = ₹10,000, [LOS = Delhi, POS = Gujarat i.e. Place of Registered Person Sec 12(2)] IGST = ₹1000 × 18% = ₹1,800	1,800	GST liability as Tax collector:		On supplies of Infocom Limited (U.P) listed on Starkart TCS(IGST) = 0.5% of ₹60,000 = ₹300	300	On supplies of Secure World, (Gujarat) listed on Starkart TCS(IGST) = 0.5% of ₹1,00,000 = ₹500	500	IGST (Net tax liability (including tax collection at source))	9,080
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2	<p>C) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively Net tax liability (after set-off of credits, if any) of Infocom Limited</p> <table> <tr> <th>Particulars</th><th>IGST (₹)</th></tr> <tr> <td>Sale Laptop - ₹50,000 and printer - ₹10,000 to Pulkit, (Rajasthan)</td><td></td></tr> </table>	Particulars	IGST (₹)	Sale Laptop - ₹50,000 and printer - ₹10,000 to Pulkit, (Rajasthan)													
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3	<p>D) Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.</p> <p>As per Sec 24, Persons who supply goods, through ECO who is required to collect tax at source under section 52, is compulsorily required to get registered. Since secure World is making supply through ECO (Starkart) who is required to collect tax at source. Hence as per Sec 24, Secure World is required to obtain registration mandatorily. However, if secure world is making only intrastate supplies then they are not compulsorily required to get registered but shall obtain an enrollment number from the portal and needs to get registered as and when their aggregate turnover exceeds threshold limit. In the present case, such relaxation is not applicable as Secure World is making interstate supplies.</p>																				
4	<p>C)</p> <table><tr><th>Particulars</th><th>IGST(₹)</th></tr><tr><td>GST liability under Forward charge as supplier:</td><td></td></tr></table>	Particulars	IGST(₹)	GST liability under Forward charge as supplier:																	
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	Sale of Mobile phone of ₹ 30,000 to Pulkit, (Rajasthan), LOS = Delhi, POS = Rajasthan (where movement of goods terminates as per Sec 10(l)(a)),	
	IGST on ₹30,000 $[30,000 \times 18\%] = ₹5400$	5400
	Listing Fee from Infocom Limited, a seller listed on Starkart (Uttar Pradesh) =10% of 60,000= 6,000, [LOS = Delhi, POS = Uttar Pradesh i.e. Place of Registered Person Sec 12(2)]	
	IGST = ₹6000 $\times 18\% = ₹1080$	1080
	Listing Fee from Secure World, listed on Starkart (Gujarat) =10% of 1,00,000 = 10,000, [LOS = Delhi, POS = Gujarat i.e., Place of Registered Person Sec 12(2)]	
	IGST = ₹1000 $\times 18\% = ₹1,800$	1800
	<u>Sale Return:</u> Cancellation charges from customer	
	IGST= 20% of the value of goods returned $[₹10,000 \times 20\% \times 18\%]$	360
	<u>Sale Return:</u> Handling charges for return of goods from seller	
	IGST= 10% of the value of goods returned $[₹10,000 \times 10\% \times 18\%]$	180
	GST liability as Tax collector:	
	On supplies of Infocom Limited (U.P) listed on Starkart TCS(IGST) =0.5% of $[₹60,000 - ₹10,000] = ₹250$	
	TCS is on net value of taxable supply. Net value excludes sale return. Hence sale return deducted while calculating TCS.	250
	On supplies of Secure World, (Gujarat) listed on Starkart TCS(IGST)= 0.5% of ₹1,00,000 = ₹500	500
	IGST (net tax liability (including tax collection at source)	9,570
5	(A) Effective date of registration is 04.07.24, as application for registration is made within 30 days from the date on which they are liable to get registered	
6	(c) ₹50,400	
7	(D) 31.01.2025	
8	(c) ₹5,10,000	

Section B: Descriptive (14 Marks X 3 Question = 42 Marks)
(Question No. 1 is compulsory and answer any 2 out of 3 given below)

ANSWER FOR QUESTION 1:

Computation of total value of supply for October, 2024

Particulars	Value
Consultancy services provided to XYZ Ltd. (As per section 15(2)(a) of the CGST Act, 2017, the value of supply includes the amount of any tax paid under any law other than GST. Accordingly, the amount of professional tax is includible in the value of services. = ₹4,50,000 + ₹4,500)	4,54,500
Digital marketing services provided to Mr. A (As per Section 15(2)(b) of CGST Act, 2017 The amount incurred by the recipient on behalf of the supplier is includible in the value of supply. = ₹2,75,000 + ₹25,000)	3,00,000
Travelling expenses recovered from the client (As per Section 15(2)(c) of CGST Act, 2017 Incidental expenses like travelling expenses incurred in course of supply is includible in value of supply.)	50,000
Post supply discount (As per Sec. 15(3) of CGST Act, 2017 No adjustment of post supply discount is allowed as the customer has not reversed the input tax credit.)	-
Late payment charges (As per Sec. 15(2)(d) of CGST Act, 2017 The late payment charges recovered are includible in GST and liable to tax at the time of receipt of amount.)	1,00,000
Advance received for digital marketing services (As per Sec. 13(2) of CGST Act, 2017 time of supply in case of services is date of invoice or date of payment whichever is earlier. In the present case, payment is received in October 2024 but invoice is issued in November 2024 and time of supply is October 2024)	-
Incentive from Pine labs for promoting UPI transactions (As per CBIC Circular, sharing of incentive by acquiring bank with various stakeholders in the digital payment ecosystem as approved by NPCI is treated as subsidy from CG/SG and not included in the value of supply as per Sec. 15(2)(e) of CGST Act, 2017)	-
(a) Total Value of supply	₹9,04,500

(b) Gross GST payable on above = ₹9,04,500 × 18% = ₹1,62,810

Computation of inward supply on which ITC can be availed:

Particulars	CGST	SGST	IGST
Opening balance	20,000	20,000	0
Import of Services – As per Sec. 9(3) read with Notification No. 13/2017, GST is payable under RCM and they can avail ITC w.r.to same.	0	0	₹2,00,000 × 18% = ₹36,000

(c) Computation of net GST payable:

Gross GST on outward supply = ₹1,62,810
 (-) IGST Credit = (₹36,000)
 (-) CGST Credit Utilised = (₹70,000)

(-) SGST Credit Utilised	= (₹56,810)
(+) RCM Liability	= ₹36,000
Net GST payable	= ₹36,000

Note: Excess SGST Credit of ₹13,190 i.e., ₹70,000 (-) ₹56,810, cannot be utilized for payment of GST under RCM, as RCM liability should be discharged always from Electronic Cash Ledger.

[10 MARKS]

ANSWER FOR QUESTION NO. 1(B):

As per Sec. 22(1) of CGST Act, 2017 a person is liable to get registered as and when their aggregate turnover exceeds threshold limit for registration i.e., ₹40 lakhs in the present case. While computing aggregate turnover for registration purpose, interest on loans, advances or deposits is included.

Invoice No.	Date	Transaction	Cumulative turnover for computation of ATO
0001	January 2, 2025	Sold industrial tools worth ₹25,00,000 – Included in ATO	25,00,000
0002	January 5, 2025	Received an advance of ₹4,00,000 from a customer – Not included in ATO as GST not payable on advances w.r.to supply of goods	25,00,000
0003	January 8, 2025	Supplied spare parts worth ₹8,00,000 to a buyer – Included in ATO	33,00,000
0004	January 12, 2025	Earned interest of ₹1,50,000 from a fixed deposit with a nationalized bank. – Included in ATO	34,50,000
0005	January 18, 2025	Supplied dishwashers worth ₹300,000 – Included in ATO	37,50,000
0006	January 25, 2025	Earned interest income of ₹2,00,000 from a fixed deposit with a scheduled bank. – Included in ATO	39,50,000
0007	January 28, 2025	Dishwashers sold on January 18, 2025 were returned by customer and a credit note was issued – Not reduced from aggregate turnover, but the GST liability only get reduced	39,50,000
0008	January 30, 2025	Paid ₹3,00,000 to a GTA (Goods Transport Agency) for transporting goods to dealers, where GST is payable under RCM @ 5%. – Not included in ATO, as the same is inward supply under RCM	39,50,000
0009	February 5, 2025	Sold mobile phones worth ₹8,00,000 within the state through an e-commerce operator who deducted 1% TCS under Section 52 of the CGST Act (GST@ 18%). – Included in Aggregate turnover	47,50,000

As the ATO of Mr. Rithesh exceeds ₹40 lakhs on Feb 5th 2025, they are liable to get registered on that date and w.r.to Invoice 009 onwards GST is payable.

- (i) As per Sec. 10(1) of CGST Act, 2017 a person can opt for composition scheme, if their ATO during previous year does not exceed ₹150 lakhs. As Mr. Ritesh commences business during the current year, their aggregate turnover during previous year does not exceed ₹150 lakhs and he can opt for composition scheme for the current year 2024-25.

- (ii) If Mr. Rithesh opts for composition scheme, he is required to pay 0.5% CGST and 0.5% SGST on taxable turnover and while computing the turnover for payment of GST under composition scheme, supplies from 1st April of the financial year till the date the person is liable to register should not be considered and therefore, GST payable on 28,00,000. CGST payable = ₹14,000 and SGST payable = ₹14,000. TCS deducted by ECO can be adjusted against GST payable.

[5 MARKS]

ANSWER FOR QUESTION NO. 2(A):

As per Sec. 18(4) of CGST Act, 2017 registered person whose taxable supplies become exempted shall pay an amount by way of debit to Electronic Cash Ledger (or) Credit Ledger, equivalent to ITC w.r.to inputs in WIP, Inputs held in stock, Inputs in WIP, Inputs in FG, on the day immediately preceding the date of such cancellation.

Accordingly in the present case, ITC on such inputs is $(₹ 8,00,000 \times 18\%) + (₹ 5,00,000 \times 12\%) + (₹ 4,50,000 \times 18\%) = ₹ 2,85,000$ is payable.

Also, in case of capital goods, such person shall pay an amount equal to ITC taken on such capital goods as reduced by such percentage points.

In the present Case, ITC reversal on capital Goods = $\frac{20,00,000 \times 28\%}{60 \text{ Months}} \times 42 \text{ Months} = ₹ 3,92,000$

[5 MARKS]

ANSWER FOR QUESTION NO. 2(B):

As per proviso to rule 59(1), a registered person may, after furnishing the details of outward supplies of goods or services or both in Form GSTR-1 for a tax period but before filing of return in Form GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in Form GSTR-1A for the said tax period. Thus, Mehul Enterprises has the option to furnish the details of the invoice issued to Vaishali Traders in Form GSTR-1A on or after 14th February but before filing Form GSTR-3B for January. The corresponding effect of the changes made through Form GSTR-1A on the liability of Mehul Enterprises shall be reflected in Form GSTR-3B for January.

Further, rule 60(7)(ia) provides that the additional details or amendments in details of outward supplies furnished by the supplier in Form GSTR-1A filed after the due date of furnishing of Form GSTR-1 for the previous tax period shall be reflected in Form GSTR-2B for the current tax period. This implies that the ITC for the supplies declared or amended by the suppliers through Form GSTR-1A will be available to the recipient in Form GSTR-2B generated for the next tax period. Thus, the details of missing invoice of Vaishali Traders will be available in its Form GSTR-2B for the month of February.

[4 MARKS]

ANSWER FOR QUESTION NO. 3(A):

- (i) Although each consignment is below ₹50,000 (₹48,000 inclusive of GST), all three are loaded in a single truck for delivery to different customers in Tamil Nadu. As per Rule 138(5) of the CGST Rules, the **transporter** is required to generate a **consolidated e-way bill** (EWB-02) since the total consignment value in one conveyance exceeds ₹50,000.
- (ii) Semi-finished goods worth ₹15,000 are sent to an **unregistered job worker** within the State. As per Rule 138(1) read with the CBIC circulars, e-way bill is **mandatory for job work movement**, irrespective of value, and must be generated by the **principal**, i.e., ABC Build Tech Ltd. Further, the job worker dispatches the processed goods directly to XYZ Constructions Ltd. in Andhra Pradesh on instruction of the principal. Since this is an **inter-State movement under job work**, **ABC Build Tech Ltd.**, being the principal, is required to generate the **e-way bill**.

- (iii) ABC Build Tech dispatches **exempted goods** (sandbags and earth-filling material) worth ₹2,00,000 from Karnataka to Kerala. As per Rule 138(14)(a), no e-way bill is required for movement of **wholly exempted goods**, regardless of value. However, the goods should be accompanied by a **delivery challan or tax invoice**, as applicable.

[5 MARKS]

ANSWER FOR QUESTION NO. 3(B):

Computation of net GST payable through Electronic Cash Ledger, If ITC balance is ₹70,000:

Particulars	CGST ₹	SGST ₹
Output tax payable	1,80,000	1,80,000
Less: Input tax credit Utilised	(70,000)	(70,000)
Net tax payable under FCM	1,10,000	1,10,000
Add: RCM liability	40,000	40,000
Total Net Tax payable through Electronic Cash Ledger	1,50,000	1,50,000

Due date of filing GSTR – 3B for Jan 2021 is 20th Feb 2021

Actual date of filing GSTR – 3B for Jan 2021 is 11th April, 2021

Period of delay = 50 days

Interest payable under CGST = ₹1,50,000 × 18% × 50/365 = ₹3,699

Interest payable under SGST = ₹1,50,000 × 18% × 50/365 = ₹3,699

Computation of net GST payable through Electronic Cash Ledger, If ITC balance is ₹2,50,000:

Particulars	CGST ₹	SGST ₹
Output tax payable	1,80,000	1,80,000
Less: Input tax credit Utilised	(1,80,000)	(1,80,000)
Net tax payable under FCM	0	0
Add: RCM liability	40,000	40,000
Total Net Tax payable through Electronic Cash Ledger	40,000	40,000
Excess ITC carried forward	₹2,50,000 (-) ₹1,80,000 = 70,000	₹2,50,000 (-) ₹1,80,000 = 70,000

Due date of filing GSTR – 3B for Jan 2021 is 20th Feb 2021

Actual date of filing GSTR – 3B for Jan 2021 is 11th April, 2021

Period of delay = 50 days

Interest payable under CGST = ₹40,000 × 18% × 50/365 = ₹986

Interest payable under SGST = ₹40,000 × 18% × 50/365 = ₹986

Notes:

- RCM liability cannot be paid using Electronic Credit Ledger and has to be paid using Electronic Cash Ledger.
- As turnover information in a month is not available, Rule 86B restriction is not applied i.e., payment of 1% through Electronic Cash ledger.
- For delay in filing GSTR – 3B, interest shall be payable under Sec. 50 @ 18% on the liability discharged through Electronic Cash Ledger.

[5 MARKS]

ANSWER FOR QUESTION NO. 4(A):

In terms of Sec 44 of CGST Act, 2017 read with Rule 80 of CGST Rules, 2017, since Mr Prithvi, registered as normal supplier having ATO for FY 2020-21 more than ₹ 2 crore (i.e., 200 Lakh), he was required to submit annual return for FY 2021-22 (though without accompanying self-certified reconciliation statement). The due date for submission of annual return for FY 2021-22 was 31st Dec, 2021.

Sec 47 of CGST Act **provides for levy of late fees if registered person fails to furnish return by due date and furnish it after the due date**. The specified quantum of late fee is ₹ 25 per day of delay, subject to maximum of 0.02% of TO in the State during the relevant year.

In case of cancellation of registration, a person is required to file final return in GSTR-10 within 3 months from the date of cancellation or 3 months from the order of cancellation, whichever is later. Filing of final return does not make a person exempted from filing annual return and in the present case, Mr. Prithvi was required to file annual return as well as final return for the FY 2020-21. He shall be liable to pay late fees for belated submission of annual return. Quantum of late fee payable by him shall be as follows:

Max late fee in respect of Annual Return of FY 2021-22 = 0.02% of ₹ 440 L = ₹ 8,800 (CGST late fee)

(or)

Since Galaxy HyperMarts Ltd. has an aggregate turnover exceeding ₹500 crore in the preceding FY 2024-25, it falls within the ambit of mandatory **e-Invoicing** and **Dynamic QR Code** provisions.

In **Situation 1**, Galaxy issues a B2B invoice worth ₹15 lakhs to Prime Tech Solutions Pvt. Ltd. without uploading it to the **Invoice Registration Portal (IRP)**. This is a serious non-compliance, as B2B invoices must be **reported to IRP and IRN (Invoice Reference Number) must be generated** before the invoice is valid. As per Rule 48(5) of the CGST Rules, if IRN is not generated, such invoice is **not treated as a valid tax invoice**, and accordingly, **Prime Tech's claim of ITC is ineligible**.

In **Situation 2**, the B2C over-the-counter invoice exceeds ₹50,000 and payment is made via **credit card**, which is a digital mode. As per Notification No. 14/2020, read with Circular No. 146/02/2021-GST, such B2C invoices must contain a **Dynamic QR Code** generated by the supplier. However, if the payment is collected before generating invoice and the cross reference of such payment collected is mentioned in invoice, then it is considered that they have complied with the requirement of dynamic QR code.

In **Situation 3**, the invoice is for an **export** transaction, which is considered a **zero-rated supply**. E-Invoicing is mandatory for exports as well, and such invoices must be uploaded to the IRP to generate the **IRN and QR code** with embedded export details. Since wrong details were uploaded, the company may **cancel the e-invoice on the IRP within 24 hours**, failing which a **new unique invoice number must be used** for reissuance.

In **Situation 4**, invoices are raised by the **NBFC subsidiary** of Galaxy HyperMarts for loan processing fees to unregistered customers. However, as per Notification No.13/2020, **NBFCs and financial institutions are exempted from e-Invoicing and Dynamic QR Code** requirements. Hence, the NBFC subsidiary is not required to comply with these mandates for such B2C financial service supplies.

[5 MARKS]

ANSWER FOR QUESTION NO. 4(B);

Following persons can be registered as Goods and Service Tax Practitioners:

Any person who, (i) is a citizen of India; (ii) is a person of sound mind; (iii) is not adjudicated as insolvent; (iv) has not been convicted by a competent court;

and satisfies any of the following conditions, namely that he:

1. is a retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under Government had worked in a post not lower than the rank of a Group-B gazetted officer for a period ≥ 2 years, or
2. is enrolled as a Sales Tax Practitioner or Tax Return Preparer under the erstwhile indirect tax laws for a period of not less than 5 years, or
3. acquired any of the prescribed qualifications
4. has passed Graduate/postgraduate degree or its equivalent examination having a degree in specified disciplines, from any Indian University or a degree examination of any Foreign University recognised by any Indian University as equivalent to degree examination
5. has passed any other notified examination
6. has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India

[5 MARKS]



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SECTION – A**MULTIPLE CHOICE QUESTIONS ANSWERS**

1. B) Invoice shall be issued before or at the time of removal of smartphones to distributors.
2. B) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1 crore.
3. A) The demerged entity shall be treated as related party of the Company.
4. D) 72 months from due date of furnishing annual return for the relevant financial year.
5. A) 45 days.
6. C) The restriction of 180 days for payment of consideration is not applicable in the present case.
7. C) Rajasthan; ₹ 20,00,000 In case of goods involving movement of goods Place of supply is Ending point (Rajasthan) ,supplier Happy Gift House located in Rajasthan. Value of supply includes cost of packaging the souvenirs (₹ 20,000) and cost of delivering the same (₹ 50,000) which is already included, so value of supply is 20,00,000.
8. D) Rajasthan, intra-State supply liable to CGST and SGST POS in relation to Immovable property is Location of such Immovable property Dream Hotels Rajasthan, supplier location also in Udaipur Rajasthan, therefore it is Intra state supply.
9. A) CGST - ₹ 18,90,000; SGST - ₹ 22,50,000; IGST – Nil

Particulars	CGST	SGST	IGST
Event service to trent limited	22,50,000.00	22,50,000.00	–
ITC on souvenirs purchased adjusted against CGST liability	-3,60,000.00	-	-
Net GST Payable in cash	18,90,000.00	22,50,000.00	

10. A) CGST - ₹ 4,20,000; SGST - ₹ 4,20,000; IGST – Nil

Particulars	CGST & SGST
Event service to trent limited	54,00,000.00
ITC on souvenirs purchased adjusted against IGST liability	-3,60,000.00
ITC on Dream Hotels ITC adjusted against IGST Liability	-42,00,000.00
Net GST Payable in cash	8,40,000.00

11. C) CGST – Nil; SGST – Nil; IGST – Nil Trent Limited gifts each of its employees (total – 150 employees) a water purifier in terms of their employment contract is excluded from supply Sec 7(2) read with schedule III provided gift by employer to employee for a FY not exceeds 50000 per employee is excluded from supply, so GST payable is NIL.
12. A)
- 1) All accounts and records are to be retained for 6 years – statement is true
 - 2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme- statement is true
 - 3) Stock record is to be maintained by all registered dealers including composition dealers.- statement is not true
 - 4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition- statement is not true.
 - 5) Monthly production records are to be maintained by all dealers including composition dealers- statement is true
 - 6) Records are to be maintained at principal place of business-- statement is true
13. B) A registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him.
14. C) Mr. Jambulal is liable to obtain registration as he makes the inter-State supply of goods.
15. B) 2 days.

SECTION – B
DESCRIPTIVE ANSWERS

Question No. 1 is compulsory and any 2 questions out of 3

Answer No. 1(a)
I. Computation of Gross liability of M/s. Priya Infra Ltd. for the month of April, 2021

Particulars	Note	CGST	SGST	IGST
OUTWARD SUPPLIES				
(i) Branch transfer	1	-	-	-
(ii) Construction service	2	-	-	₹15,00,000 X 18% = ₹2,70,000
(iii) Supply in territorial waters	3	₹6,00,000 X 9% = ₹54,000	₹6,00,000 X 9% = ₹54,000	-
(iv) Advance in case of goods & Services	4	₹4,90,000 X 9% = ₹44,100	₹4,90,000 X 9% = ₹44,100	-
(v) Disposal of business asset	5	-	-	-
Total		₹98,100	₹98,100	₹2,70,000

II. Computation of Input Tax Credit of M/s. Priya Infra Ltd. for the month of April, 2021:

Particulars	Note	CGST	SGST	IGST
Arbitral Tribunal Services	6	7,00,000 X 9% = ₹63,000	7,00,000 X 9% = ₹63,000	-
Construction materials	7			-
Truck purchased	8	-	-	-
Remuneration to independent director	9	6,00,000 X 9% = ₹54,000	6,00,000 X 9% = ₹54,000	-
Total		₹1,17,000	₹1,17,000	-

III. Computation of net GST liability of M/s. Priya Infra Ltd. for the month of April, 2021:

Particulars	CGST	SGST	IGST
Gross liability under FCM	98,100	98,100	2,70,000
(-) CGST Credit utilized	(98,100)		(18,900)
(-) SGST Credit utilised		(98,100)	(18,900)
Net liability under FCM	0	0	2,32,200
Liability under RCM	1,17,000	1,17,000	
Total liability	₹1,17,000	₹1,17,000	₹2,32,200

Notes to above:

- As per Sec. 7(1)(c) of CGST Act, 2017 read with Schedule I, transactions between distinct person constitutes supply, if it is not for consideration but in the course or furtherance of business. Also, as per Sec. 25 of CGST Act, 2017, persons are treated as distinct, if there is a separate registration w.r.to each place of business within the State. In the present case, as they have not obtained separate registration for Cochin & Trivandrum, they are not treated

as distinct persons. Consequently, branch transfer from Cochin to Trivandrum is not treated as Supply.

2. Services by way of Pure Labour Contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex is exempted as per Sec. 11 of CGST Act, 2017 read with Notification No. 12/2017. In the present case, they are engaged in construction of commercial unit and therefore, exemption is not available.

As per Sec. 12(3) of IGST Act, in case of services in relation to immovable property, Place of supply is location of such immovable property. In the present case, POS is Karnataka and LOS is Kerala and it is an inter state supply chargeable to IGST.

3. In case of supply in territorial waters, as per Sec. 9 of IGST Act, POS shall be the nearest state or UT. In the present case, the nearest state is Kerala and the said supply is intra state supply as both LOS and POS is in the same state and it is chargeable to CGST & SGST.
4. As per Sec. 12(2) of CGST Act read with Notification No. 66/2017, Time of supply in case of goods covered under Forward Charge Mechanism, is due date of invoice as per Sec. 31 or actual date of invoice, whichever is earlier. Therefore, date of payment is irrelevant and consequently GST not payable on advances. In case of services, GST payable on advances, as time of supply as per Sec. 13(2) is Date of invoice (or) date of payment, whichever is earlier, if invoice is issued within due date. Otherwise, TOS is date of completion (or) date of payment whichever is earlier.
5. As per Sec. 7(1)(c) read with Schedule I, permanent transfer or disposal of business asset on which ITC is availed, is treated as supply. In the present case, ITC not availed on computers purchased and as the same were disposed of without consideration, it does not constitute supply.
6. Services provided by arbitral tribunal to business entity whose aggregate turnover during previous year exceeds threshold limit for registration, is taxable under RCM. In the present case M/s. Priya Infra Ltd. turnover during previous year exceeds ₹20,00,000 the said service is taxable, and M/s. Priya Infra Ltd. is required to pay GST on the same under RCM. In case of arbitral services, place of supply determined under Sec. 12(2) of IGST Act i.e., Location of recipient and in this case, it is an intra state supply chargeable to CGST & SGST. This can be availed as ITC by Priya Infra Ltd. as the same is used in the course or furtherance of business.
7. ITC on Goods or services used for construction of an immovable property is blocked under sec. 17(5) of CGST Act, 2017. However, if the same is purchased by a person for carrying out the construction not on his own account but for another person, then ITC available. In the present case, it is interstate purchases and chargeable to IGST. As per the provisions of E – Invoicing contained in Rule 48(5) of CGST Rules, 2017, if a registered person is required to generate E – Invoice in terms of Rule 48(4) but has not complied with the provisions of E – invoice, such invoice shall not be regarded as a valid invoice and the recipient cannot avail the ITC on the same, even if it is reflected in GSTR – 2A of recipient.
8. ITC on motor vehicles is blocked under Sec. 17(5) of CGST Act, 2017. However, such restriction is not applicable to a motor vehicle used for transportation of goods. But, ITC not available in the present case as depreciation is computed on tax component and is disqualified for availment of ITC in terms of Sec. 16(3) of CGST Act, 2017.
9. Independent director is not an employee of a company and is not excluded from supply as per Sec. 7(2) read with Schedule III of CGST Act. Further such remuneration is deductible for TDS under Sec. 194J of Income Tax Act, 1961 and constitutes supply under GST. Also, as per Sec. 9(3) of CGST Act read with Notification No. 13/2017, the same is covered under RCM and liability to pay GST is on company or body corporate. In the present case M/s Priya Infra Ltd. is liable to pay GST on director's remuneration under RCM and the same can be availed as ITC.
10. As per Sec. 49 of CGST Act, 2017, CGST & SGST Credit should be first utilised for payment of respective liability and balance can be utilised for payment of IGST. Also GST payable

under RCM can be paid only by utilizing electronic cash ledger but not through electronic credit ledger.

(10 Marks)

Answer No. 1(b)

Health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. In light of the same, the eligibility to exemption in respect of each service offered by Swasthya Nursing Home is examined below:

- I. **Not Exempt.** Exemption available to health care services provided by a clinical establishment shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services.
- II. **Exempt.** Health care service does not include, inter alia, cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. Therefore, plastic surgeries will not be entitled to the said exemption, but the plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy or functions of body affected due to congenital defects (cleft lip).
- III. **Exempt.** Health care service includes services by way of transportation of the patient to and from a clinical establishment. Thus, air ambulance service to transport critically ill patients to Swasthya Nursing Home would be eligible for exemption under the said notification.
- IV. **Exempt.** Circular No. 32/06/2018 GST dated 12.02.2018 has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of health care services and is not separately taxable. Thus, it is exempt from GST.
- V. **Exempt.** Since Homeopathy is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption under the said notification. Further, exemption available to services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation has been withdrawn and thus, said services are no longer exempt from GST. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Swasthya Nursing Home will be liable to GST.

(5 Marks)

Answer No. 2(a)
Computation of net GST payable in cash by Aashima Ltd. for the month of January 2025

Particulars	CGST	SGST	IGST
Outward intra-State supply of goods made in the State of Bihar [Value of supply is the transaction value of the goods.]	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	
Outward supply of goods made to other States [Value of supply is the transaction value of the goods.]			18,000 [1,00,000 × 18%]
Services by way of warehousing of potato chips [Taxable since services by way of warehousing of only cereals, pulses, fruits & vegetables are exempt.]			90,000 [5,00,000 × 18%]
Intra-State stock transfer to Gaya Branch with	1,800 [20,000 ×	1,800 [20,000 ×	

separate registration [Supply of goods between distinct persons in course or furtherance of business qualifies as supply even if made without consideration.]	9%]	9%]	
Total output tax	37,800	37,800	1,08,000
Less: Input Tax Credit [Refer Working Note below] [CGST credit should be utilized for payment of CGST and IGST in that order. Similarly, SGST credit should be utilized for payment of SGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST and vice versa.]	(37,800) (CGST)	(37,800) (SGST)	(7,200) (CGST) (7,200) (SGST)
Net GST payable in cash	Nil	Nil	93,600

Computation of ITC available

Particulars	CGST	SGST	IGST
Intra-State inward supply of services [₹ 6,50,000 – ₹1,50,000] [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.]	45,000 [5,00,000 × 9%]	45,000 [5,00,000 × 9%]	-
Cars taken on rental basis from Mr. Suhaas [Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and invoice is issued charging CGST/SGST @ 2.5% is payable under reverse charge. Time of supply of such services is 1st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, tax liability on the same does not arise in said month. Further, ITC on renting of motor car services received is blocked since the recipient – Aashima Ltd. is not in the same line of business.]	-	-	-
Total ITC available	45,000	45,000	-

Answer No. 2(b)

Where the goods supplied are found to be deficient, the taxpayer can issue a credit note. Credit note should include the amount of tax credited to the recipient. In this case, GST liability would be recalculated as follows:

	₹
Super structure of 1000 square feet (along with individual share of land)	x

Less: Value of land (or undivided share of land) (it is always deemed to be 1/3 rd of total amount charged)	0.3333x
Taxable value	0.6667x
Add: GST -	
CGST @ 9% of Rs. 0.6667x	0.06x
SGST @ 9% of Rs. 0.6667x	0.06x
Total	1.12x

Total consideration is 1.12x which equal to Rs. 94,00,000 (i.e., the amount paid by Z is Rs. 70,00,000 + Rs. 24,00,000), x is equal to Rs. 83,92,857 (i.e., Rs. 94,00,000 ÷ 1.12). Credit note can be prepared with the help of data given below-

		Original invoice ₹	Amount paid by Z ₹	Data for credit note [(1) – (2)] ₹
		(1)	(2)	(3)
Super structure	(a)	90,00,000	83,92,857	6,07,143
Less: value of land [1/3 rd of (a)]	(b)	(30,00,000)	(27,97,619)	(2,02,318)
Taxable value for the purpose of GST	(c)	(60,00,000)	(55,95,238)	(4,04,762)
Add: GST -				
CGST @ 9% @ 9% of (c)	(d)	5,40,000	5,03,571	36,429
SGST @ 9% @ 9% of (c)	(e)	5,40,000	5,03,571	36,429
Total [(a) + (d) + (e)]		1,00,80,000	94,00,000	6,80,000

Answer No. 3(a)

As per section 17(4) of CGST Act, every banking company or financial institution, including NBFC, engaged in supply of services by way of accepting deposits or extending loans or advances which is not opting for section 17(2), has the option to avail of every month an amount equal to 50% of the eligible input tax credit on inputs, capital goods and input services in that month and rest shall lapse.

Since, UCO Bank has availed an option to avail every month equal to 50% of the eligible input tax credit on inputs, capital goods input services. Thus in given case-

Sl.No	Particulars	Eligible ITC (₹)
	Input tax credit available [excluding input tax credit from its Pune head office] i.e. 1,20,000-27,000	93,000
	<u>Credit relating to -</u>	
Less:	Outdoor catering services received for its employees	(32,000)
	Goods obsolete and value of which to be written off in books	(11,000)
	Auditing Services	Nil
	Goods for personal use of employees	(7,500)
	Total eligible Input tax credit available	42,500
(a)	50% of eligible Input tax credit shall be availed by UCO bank	21,250
(b)	Input tax on supply of services availed from its distinct establishment i.e., From Pune {50% restriction not applicable hence full input tax credit can be availed}	27,000
	Total eligible Input tax credit available in respect of CGST & SGST (a) + (b)	48,250
	Amount of Input tax credit lapsed	21,250

(5 Marks)

Answer No. 3(b)

In the given situation, three supplies are involved:

- I. Services provided by Musicera Pvt. Ltd. to audiences by way of admission to music concert.
- II. Services provided by Supriya (P) Ltd. to Musicera Pvt. Ltd. by way of organising the music concert.
- III. Services provided by Hotel Dumdum to Supriya (P) Ltd. by way of accommodation in the Hotel lawns for organising the music concert.

The CGST and SGST or IGST liability in respect of each of the above supplies is determined as under:

- i. As per the provisions of **section 12(6)**, the place of supply of services provided by way of admission to, inter alia, a cultural event shall be the place where the event is actually held. Therefore, the place of supply of services supplied by Musicera Pvt. Ltd. (Ludhiana, Punjab) to audiences by way of admission to the music concert is the location of the Hotel Dumdum, **i.e. Gurugram, Haryana.**

Since the location of the supplier (Ludhiana, Punjab) and the place of supply (Gurugram, Haryana) are in different States, IGST will be leviable.

Therefore, IGST leviable will be computed as follows:

Consideration for supply (400 tickets @ ₹ 5,000 per ticket) = ₹ 20,00,000 IGST @ 18% on value of supply = ₹ 20,00,000 × 18% = ₹ 3,60,000.

- ii. **Section 12(7)(a)(i)** stipulates that the place of supply of services provided by way of organization of, inter alia, a cultural event to a registered person is the location of such person. Therefore, the place of supply of services supplied by Supriya (P) Ltd. (Delhi) to Musicera Pvt. Ltd. (Ludhiana, Punjab) by way of organising the music concert is the location of the recipient, **i.e. Ludhiana (Punjab).**

Since the location of the supplier (Delhi) and the place of supply (Ludhiana, Punjab) are in different States, IGST will be leviable.

Therefore, IGST leviable will be computed as follows:

Consideration for supply = ₹ 10,00,000 IGST @ 18% on value of supply = ₹ 10,00,000 × 18% = ₹ 1,80,000

- iii. As per the provisions of **section 12(3)(c) of the IGST Act, 2017**, the place of supply of services, by way of accommodation in any immovable property for organizing, inter alia, any cultural function shall be the location at which the immovable property is located. Therefore, the place of supply of services supplied by Hotel Dumdum (Gurugram, Haryana) to Supriya (P) Ltd. (Delhi) by way of accommodation in Hotel lawns for organising the music concert shall be the location of the Hotel Dumdum, **i.e. Gurugram, Haryana.**

Since the location of the supplier (Gurugram, Haryana) and the place of supply (Gurugram, Haryana) are in the same State, CGST and SGST will be leviable. Therefore, CGST and SGST leviable will be computed as follows: Consideration for supply = ₹ 4,00,000

CGST @ 9% on value of supply = ₹ 4,00,000 × 9% = ₹ 36,000

SGST @ 9% on value of supply = ₹ 4,00,000 × 9% = ₹ 36,000

If the price for the entry ticket is fixed at ₹ 450, answer will change in respect of supply of service provided by way of admission to music concert, as mentioned in point (i) above. There will be No IGST liability if the consideration for the ticket is ₹ 450 as the inter-State services by way of right to admission to, inter alia, musical performance are exempt from IGST vide Notification No. 9/2017 IT (R) dated 28.06.2017, if the consideration for right to admission to the event is not more than ₹ 500 per person. **However, there will be no change in the answer in respect of supplies mentioned in point (ii) and (iii) above.**

(5 Marks)

Answer No. 4(a)

Proviso to section 50 lays down that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger. In the given scenario, M/s ABC Ltd. have filed their return belatedly and as per the above provisions, interest is payable on the tax component paid through Electronic Cash Ledger only. A point relevant to note here is that tax payable on reverse charge basis also carries interest for the period of delay in remittance of tax and input tax credit cannot be used to pay the same (i.e. tax payable under reverse charge has to be paid in cash).

Accordingly, interest under section 50 payable for the tax paid through Electronic Cash Ledger is computed as below:

IGST: ₹218,000 * 18% * 60/365 = ₹ 6,450

CGST: ₹262,000 * 18% * 60/365 = ₹7,752

SGST: ₹262,000 * 18% * 60/365 = ₹ 7,752

Further, if entire tax payable for January is paid through Electronic Credit ledger, except for the taxes to be paid under reverse charge basis, then interest under section 50 is applicable only on the remittance of tax under reverse charge basis and not for tax payable on forward charge basis.

Accordingly, Interest payable is given as below:

IGST: ₹18,000 * 18% * 60/365 = ₹532

CGST: ₹32,000 * 18% * 60/365 = ₹946

SGST: ₹32,000 * 18% * 60/365 = ₹946

(5 Marks)

Answer No. 4(b)

The amount of tax to be collected at source by E-Comm. Ltd. is as under (₹) —

1. Supplies of goods taxable at 12% (net of returns)	4,50,000
2. Supply of goods taxable at NIL-rate (not liable to TCS, as it is exempted)	—
3. Housekeeping services (not liable to TCS, as it falls u/s 9(5) & GST is payable by E-Commerce operator)	—
4. Other services (liable to TCS)	1,50,000
Amount on which tax is to be collected at source	6,00,000
Rate of TCS [0.5% + 0.5%]	1%
Amount of TCS	6,000
Due date of payment and due date of filing return in GSTR-8	10-01-2021
Actual date of filing return	15-01-2021
Interest and late fee for	5 days
Interest @18% for 5 days [₹ 6,000 × 18% × 5 / 365]	₹ 15
Late fee for belated filing of GSTR-8 @100 per day under CGST + 100 under SGST = ₹ 200 per day, subject to maximum ₹ 5,000 under CGST + ₹ 5,000 under SGST.	₹ 1,000

(5 Marks)

Answer No. 5(a)

S.No.	Transaction	Taxability	Justification
(i)	Use of infrastructure by Indian Railways (₹15,00,000)	Exempted	As per Notification No. 12/2017, services provided by SPV's to Indian railways by way of allowing Indian Railways to use the infrastructure built and owned by SPV's against a consideration, during the concession period is exempted from GST.

(ii)	Maintenance services by Indian Railways to BDRCL (₹6,00,000)	Exempted	As per Notification No. 12/2017, Services of maintenance supplied by Ministry of Railways to SPV's in relation to the said infrastructure built and owned by SPV's, against a consideration during the concession period is exempted from GST.
(iii)	Leasing of commercial space to logistics company (₹8,00,000)	Taxable	Leasing of commercial space is a taxable supply under GST (not covered under exemptions).
(iv)	Freight services by Indian Railways (₹3,00,000)	Taxable	Only transportation of notified goods by Indian railways is exempted. However, construction materials are not covered under notified goods and consequently, such freight collected by railways is taxable.

(5 Marks)

Answer No. 5(b)
Transaction Between Mr. C (Rajasthan) and Mr. A (Delhi):

Mr. A has contracted with Mr. C to supply goods, with the instruction to deliver them directly to Karnataka (Mr. B's site).

Since the goods are being delivered to a third party (Mr. B in Karnataka) as per the instruction of Mr. A, this is a **bill-to-ship-to transaction** under **Section 10(1)(b)**.

Place of supply is the location of Mr. A (the person on whose direction the goods are delivered). Hence, the place of supply will be **Delhi**.

This will be treated as an **inter-state supply** between Mr. C (Rajasthan) and Mr. A (Delhi), attracting **IGST**.

Transaction Between Mr. A (Delhi) and Mr. B (Karnataka):

Mr. A (Delhi) is contracted by Mr. B (Karnataka) to provide goods and install them at a site in Karnataka.

As per Sec. 10(1)(d) of IGST Act, 2017 Where the goods are assembled or installed at site, the place of supply shall be the place of such assembly or installation

Since the supply involves **assembly or installation** of goods at the site, the **place of supply** will be the location where the installation occurs. Therefore, the **place of supply** is **Karnataka**.

The supplier (**Mr. A**) is located in **Delhi**, and the place of supply is in **Karnataka**. As the location of the supplier and the place of supply are in **different states**, this transaction will be treated as an **inter-state supply**. Hence, **IGST** will be applicable.

(5 Marks)

Answer No. 6(a)

The value of taxable supply for the month of October, 2021 is as follows –

Particulars	Amount
List price of goods supplied inter-State	₹12,40,000
(1) Subsidy from Central Government for supply of Biscuits to Government School – ₹1,20,000 (Item already adjusted in the price given above) – Not to be added back in value	—
(2) Subsidy from Trade Association for supply of quality Biscuits – Items adjusted in the price given above – to be added as not eligible for deduction from value	₹ 30,000
(3) Tax levied by Municipal Authority –to be added, as tax (other than GST) is not allowed as deduction – section 15(2)(a) of CGST Act (It is presumed that this amount has been separately recovered from customer)	₹ 24,000
(4) Packing Charges –Items not adjusted in the price given above – to be added as in respect of goods before delivery – section 15(2)(c) of CGST Act	₹ 12,000

(5) Late fee paid by the recipient of supply for delayed Payment of invoice.– Items not adjusted in the price given (i) above – to be added as per section 15(2)(d) of CGST Act [cannot be added at the time of making tax invoice] (refer working note)	—
Value of taxable supply (Total of all above)	₹13,06,000

Working Note – practically, at the time of making tax invoice, the late fee cannot be added. A separate debit note or supplementary invoice with GST is required to be issued after receipt of payment.

Note: Value of Supply for Oct month = Value as recorded in tax invoice. Issuance of credit note in subsequent month, will lower down the value in subsequent month.

(5 Marks)

Or

Given transaction is supply involving movement of goods. Sec 31 requires supplier of goods to issue invoice upto the time of removal of goods which includes even collection of goods by the recipient. In given case, date of removal (collection by buyer) is 18th Dec while invoicing has been done on 3rd Dec. Thus, given case is one where the supplier has issued invoice upto time of removal of goods. For purposes of determination of ToS, the date of payment is considered to be earlier of the date of receipt of payment in bank account (21th Dec) or date of entry in books of accounts (20th Dec). Thus, in instance case, the date of receipt of payment is 20th Dec.

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

Author's Note: In given question, no advance payment is involved. Even otherwise, presently, receipt of advance does not create TOS in the hands of normal supplier (discharging his FCM liability)

(5 Marks)

Answer No. 6(b)

Cancellation of registration: Application by registered person (or) suo-moto cancellation by officer:

1. Transfer or discontinuance of business
2. Change in constitution of business
3. Taxable person no longer liable to be registered

Suo-moto cancellation by officer:

1. Contravention of provisions of Act or Rules
2. Person opting for composition scheme not filed annual return within 3 months after due date
3. Registered person (other than above) has not filed returns for 6 consecutive months or 2 consecutive quarters.
4. Registration obtained by fraud
5. Obtained voluntary registration and not commenced business within 6 months

Note:

- 1) Even, TCS/TDS deductor can make application for cancellation of registration.
- 2) Aadhar authentication is required in case of application of cancellation of registration.

(5 Marks)

Answer No. 7(a)

(i) The combo supply of cinema tickets and snacks is a composite supply wherein the entire supply will attract GST at the rate applicable to service of exhibition of cinema being the principal supply. Further, it is an intra-State supply since the place of supply is Punjab. Thus, in the given case, rates of GST to be applied are 9% CGST and 9% SGST.

(ii) Supply of snacks is an individual supply. Further, it is an intra-State supply since the place of supply is Punjab. Thus, the applicable rates of GST are 2.5% CGST and 2.5% SGST.

(iii) Computation of Gross GST payable by Gamma Multiplex for April, 2024

S.No.	Particulars	GST Rate (%)	Value (₹)	CGST (₹)	SGST (₹)
1	Supply of combo offer [10,000 X ₹ 350]	9	35,00,000	3,15,000	3,15,000
2	Supply of tickets only [2,500 X ₹ 200]	9	5,00,000	45,000	45,000
3	Supply of snacks only [1,000 X ₹ 250]	2.5	2,50,000	6,250	6,250
	Total GST payable by Gamma Multiplex			3,66,250	3,66,250

(5 Marks)

Answer No. 7(b)

As per Sec. 41 read with Rule 37A, as Rudra Ltd., not filed GSTR-3B of sept 2023 by 30th Sept 2024, ITC availed by Abhi Ltd needs to be reversed by 30th Sept 2024. As, ITC availed by Abhi Ltd not reversed by 30th Nov 2024, they shall pay interest as follows:

Interest computed on ₹ 1,00,000 × 18% = ₹ 18,000

Interest from the date of Utilization = 20/12/2023

Interest till the date of reversal = 17/01/2025

No of days = 394 days

Interest payable = ₹ 18,000 × 18% × 394/366 = ₹ 3,488/-

When Rudra Ltd files GSTR-3B of Sept 2023 on 18th February 2025, ITC reversed by Abhi Ltd can be re-availed in the GSTR 3B of Feb 2025 filed on 20/03/2025, even though the time limit for availing ITC is expired, as the time limit for availing ITC is not applicable in case of re-availing of ITC reversed earlier. However, interest of ₹ 3,488/- cannot be availed.

AS GSTR-3B is filed late by Rudra Ltd., they need to pay interest @ 18% pa.. from the due date of GSTR – 3B i.e. 20/10/2023 till the date of filing GSTR – 3B i.e., 18/02/2025. Interest payable for 487 days i.e., ₹18,000 × 18% × 487/366 = ₹4,311.

(5 Marks)

(or)

As per Sec. 51 of CGST Act, Tax deducted at Source (TDS) is required to be deducted in case of supply to notified recipients. However, TDS is not applicable in the following cases:

- Threshold Limit Not Exceeded:** TDS is only required if the total value of taxable supply under a single contract exceeds ₹2.5 lakh (excluding the GST amount indicated on the invoice). If the value is less than or equal to this limit, no TDS is deducted.
- Intra-State Supplies but recipient in another state:** TDS is generally not applicable if the location of the recipient and the place of supply are in a different state/Union Territory.
- Supplies Not Subject to GST:** Payments for goods or services that are outside the purview of GST or are exempt from GST do not attract TDS provisions. Examples include alcohol for human consumption, petroleum crude, diesel, and natural gas.

4. **Exempted Supplies:** No TDS is deducted on supplies that are wholly exempt or have a nil rate of tax under GST notifications.
5. **Reverse Charge Mechanism (RCM):** When the recipient of the supply is liable to pay the entire GST under the reverse charge mechanism, TDS is not required to be deducted.
6. **Payments to Unregistered Suppliers:** TDS provisions do not apply to payments made to suppliers who are not registered under GST.
7. **Specific Entities:** Transactions between notified recipients i.e., PSU supply goods to Government department.
8. **Transactions in Schedule III:** Activities listed under Schedule III of the CGST/SGST Act, 2017, which are treated as neither a supply of goods nor services (e.g., sale of land or building), do not attract TDS irrespective of the value.

(5 Marks)



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SECTION A

PART 1

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All MCQs are compulsory

CASE SCENARIO 1

1. Option (c) ₹ 3,60,000

Reason

Income derived from saplings or seedlings grown in a nursery would be deemed to be agricultural income, whether or not the basic operations were carried out on land.

2. Option (a) ₹ 1,75,000 as agricultural income

Reason

Any income from the sale of cotton is agricultural income. Agricultural income would be ₹ 4,00,000 - ₹ 2,25,000 = ₹ 1,75,000

3. Option (b) ₹ 2,62,500 as agricultural income and ₹ 1,50,000 as business income

Reason

When Cotton is subjected to the manufacturing process and the manufactured product i.e., yarn is sold, the profit on such sale will consist of agricultural income as well as business income.

Agricultural income

₹ 6,00,000, being market value of 60% cotton - ₹ 3,37,500, being cost of production of cotton
= ₹ 2,62,500

Business Income

₹ 8,50,000, being sale value of yarn - ₹ 6,00,000, being market value of cotton
- ₹ 1,00,000, being manufacturing expenses = ₹ 1,50,000

CASE SCENARIO 2

4. Option (a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident from the given information

Reason

Since Mr. Rajesh Sharma stayed in India for 188 days during the P.Y. 2024-25, he is a resident in India. However, in the absence of information related to his stay in India for preceding previous years, it cannot be determined whether he is resident and ordinarily resident or resident but not ordinarily resident.

5. Option (c) ₹ 1,05,400

Medical bill reimbursement = ₹ 15,000 Perquisite value of laptop Actual cost = ₹ 1,00,000

Less: Depreciation @50% till 30.9.2022 = ₹ 1,00,000 × 50% = ₹ 50,000

WDV as on 1.10.2022 = ₹ 50,000

Less: Depreciation @50% till 30.9.2023 = ₹ 50,000 × 50% = ₹ 25,000 WDV as on 1.10.2023 = ₹ 25,000

Less: Depreciation@ 50% till 30.9.2024 = ₹ 25,000 × 50% = ₹ 12,500 WDV as on 1.10.2024 = ₹ 12,500

Sale value = ₹ 15,000 Perquisite value of laptop= Nil

Reimbursement of house servant salary = ₹ 4,000 × 12 = ₹ 48,000

Professional tax paid by employer = ₹ 2,400

Perquisite value of equity shares = 400 × (₹ 350- ₹ 250) = ₹ 40,000

Taxable perquisites = ₹ 1,05,400

6. Option (a) ₹ 9,76,600

Reason

Basic salary = ₹ 58,000 × 12 = ₹ 6,96,000

D.A. = 10% of basic pay = ₹ 69,600

Bonus = ₹ 98,000

Medical allowance = ₹ 60,000

Perquisite value as computed in MCQ 2 = ₹ 1,05,400

Gross salary = ₹ 10,29,000

Less: standard deduction u/s 16(ia) = ₹ 50,000 Professional tax u/s 16(iii) = ₹ 2,400

7. OPTION (C)

8. OPTION (D)

SECTION A

PART 2

QUESTION NO 1 is compulsory and answer any 1 questions from remaining 2 questions

QUESTION 1:

Computation of net taxable income and net tax liability of Mr. Rohit for
A.Y. 2024-25 under the normal provisions of the Act

Particulars	₹	₹
I. INCOME FROM SALARIES		
Basic Pay (₹ 13,000 × 12)	1,56,000	
Transport Allowance (₹ 2,000 × 12 – fully taxable)	24,000	
Cost of treatment for son in Care Hospitals Pvt. Ltd. – [Exempt, since value of medical treatment provided to an employee's family member in any hospital maintained by the employer is excluded from the definition of perquisite]	Nil	
Gross Salary		1,80,000
Less: Standard Deduction u/s 16 (₹ 75,000 or Actual salary, whichever less)	75,000	
Net Salary		1,05,000
Less: Set-off of loss from house property	(41,500)	
Income from Salaries		63,500
II. INCOME FROM HOUSE PROPERTY		
Let-out portion (First floor)		
Gross Annual Value (₹ 10,000 × 6 months)	60,000	
Less: Municipal taxes paid [(₹ 4,000 + ₹ 6,000)/2]	5,000	

Net Annual Value		55,000
Less: Deduction u/s 24 (a) 30% of ₹ 55,000	16,500	
Less: Deduction u/s 24 (b) Interest on housing loan [(₹ 60,000 + ₹ 40,000)/2]	50,000	66,500
Loss from let-out portion		(11,500)
Self-occupied portion (Ground floor)		
Annual Value	Nil	
Less: Interest on housing loan [(₹ 40,000 + ₹ 60,000)/2]	30,000	(30,000)
Loss from house property (total)		(41,500)
III. PROFITS & GAINS FROM BUSINESS OR PROFESSION		
Net profit as per Income & Expenditure A/c		8,59,000
Add: Items not allowable		
Conveyance expenses relating to employment in Care Hospital	12,000	
Power & fuel expenses for tenant backup	6,000	
Municipal tax of residence (included in admin expenses)	10,000	
Interest on housing loan for reconstruction	1,00,000	
Interest on education loan for son	26,000	1,54,000
Gross total after disallowances		10,13,000
Less: Depreciation on clinic equipments (Opening WDV ₹ 1,00,000 @ 15%)	15,000	
(Additions ₹ 25,000 in cash → not allowed u/s 43(1))	–	15,000
Profits & gains from business or profession		9,98,000
Less: Items of income assessable separately		
Salary from Care Hospitals Pvt. Ltd.	1,80,000	
Rental income from house property	78,000	
Dividend from foreign company	10,000	2,68,000
Income from business or profession		7,30,000
Note – Mr. Rohit, being a medical professional, must maintain books and get audit u/s 44ADA(4) if profit < ₹ 11 lakh (50% of gross receipts ₹ 22 lakh).		
IV. INCOME FROM OTHER SOURCES		
Power backup charges from tenant (₹ 3,000 × 6 months)	18,000	
Less: Expenditure for providing backup	6,000	
Dividend from foreign companies	10,000	
Income from Other Sources		22,000
GROSS TOTAL INCOME		8,15,500
Less: Deductions under Chapter VI-A		
u/s 80C – Tuition fee for grandchild (Not allowable)	Nil	
u/s 80E – Interest on higher education loan (Allowable)	26,000	

Total Deductions		(26,000)
TOTAL INCOME		7,89,500
NET TAX LIABILITY		
Up to ₹ 3,00,000	Nil	
₹ 3,00,001 – ₹ 5,00,000 @ 5% on ₹ 2,00,000	10,000	
₹ 5,00,001 – ₹ 7,89,500 @ 20% on ₹ 2,89,500	57,900	
Total tax before cess		67,900
Add: Health & Education Cess @ 4%	2,716	
Net Tax Liability		70,616
Rounded off u/s 288B		70,620

QUESTION 2A:

Computation of Capital gains in the hands of Mr. Shiva for A.Y. 2025-26

Particulars	Amount (Rs.)	Amount (Rs.)
Actual sale consideration	30,50,000	
Valuation as per Stamp duty Authority on the date of agreement	39,00,000	
(Where the actual sale consideration is less than the value adopted by the Stamp Valuation Authority for the purpose of charging stamp duty, and such stamp duty value exceeds 110% of the actual sale consideration then, the value adopted by the Stamp Valuation Authority shall be taken to be the full value of consideration as per section 50C.)		
(However, where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered, provided the whole or part of the consideration is received by way of account payee cheque/bank draft or by way of ECS through bank account or such other electronic mode as may be prescribed on or before the date of agreement. In the present case, since part of the payment is made by account payee cheque on the date of agreement, the stamp duty value on the date of agreement would be considered as full value of consideration.)		
Deemed Full value of consideration [Since stamp duty value on the date of agreement exceeds 110% of the actual consideration, stamp duty value would be deemed as Full Value of Consideration]	39,00,000	
Less: Expenses on transfer (Brokerage @1% of Rs.30,50,000)	30,500	
Net sale consideration		38,69,500
Less: Cost of acquisition (Note 1)	9,59,000	
Less: Cost of improvement	3,90,000	13,49,000
Long term capital gain		25,20,500

Computation of tax liability u/s 112

Particulars	Amount (Rs.)
On LTCG of Rs. 25,20,500 × 12.5%	3,15,063
Add: Health and Education Cess @ 4%	12,603
Total tax liability	3,27,666
On LTCG with indexation benefit	
Net Sale consideration	38,69,500
Less: Indexed cost of acquisition (Rs. 9,59,000 × 363 / 100)	34,81,170
Less: Indexed cost of improvement [Rs. 3,90,000 × 363 / 254]	5,57,362
Long-term capital loss	(1,69,032)

Notes (1)

Computation of cost of acquisition

Particulars	Amount (Rs.)	Amount (Rs.)
Cost of acquisition		10,70,000
Being the higher of		
(i) Lower of Fair Market Value i.e., Rs. 11,85,000 and Stamp Duty Value i.e., Rs. 10,70,000, on April 1, 2001	10,70,000	
(ii) Actual cost of acquisition (Rs. 3,24,000 + Rs. 35,000, being stamp duty @10% of Rs. 3,50,000)	3,59,000	
Less: Advance money taken from Mr. Mohan and forfeited		1,11,000
Cost of acquisition		9,59,000

NOTE (2) Where advance money has been received by the assessee, and retained by him, as a result of failure of the negotiations, section 51 will apply. The advance retained by the assessee will go to reduce the cost of acquisition. Accordingly, cost of acquisition after reducing the advance money forfeited would be Rs.9,59,000 [i.e. Rs.10,70,000 – Rs.1,11,000 (being the advance money forfeited during the P.Y. 2008-09)]. However, where the advance money is forfeited during the previous year 2014-15 or thereafter, the amount forfeited would be taxable under the head "Income from Other Sources" and such amount will not be deducted from the cost of acquisition of such asset while calculating capital gains. Hence, Rs.1,51,000, being the advance received from Ms.

Deepshikha and retained by him, would have been taxable under the head "Income from other sources" in the hands of Mr. Shiva in A.Y.2016-17.

QUESTION 2B:

- (i) Tax has to be deducted at source by the transport company @10% under section 194A on payment of ₹ 51,000 made to Mr. A, a resident individual, as interest income on compensation awarded by Motor Accidents Claims Tribunal by a transport company, since the interest paid exceeds the specified threshold of ₹ 50,000. Tax to be deducted = ₹51,000 × 10% = ₹5,100
- (ii) The provisions of section 194C would not apply in the hands of Ms. Aruna since the amount paid to Mr. Suresh is for supply of her housing staff. Hence, it is used exclusively for her personal purposes. In this case, tax is required to be deducted at source from such amount under section 194M @5% (w.e.f 1.10.2024 the TDS rate u/s 194M is reduced from 5% to 2%. Hence since the transaction where it crosses 50 lakhs is done after 1.10.2024 the TDS rate will be 2%), since the aggregate payment made to Mr. Suresh for the said contract exceed ₹50 lakhs during the P.Y.2024-25. Accordingly, ₹ 1,10,000, being 2% of ₹ 55,00,000 [₹25,00,000 + ₹30,00,000], is required to be deducted at source.
- In case Ms. Aruna made payment to Mr. Suresh for business purposes and she is not required to get her books of account audited [assuming her turnover from such business does not exceed ₹ 1 crore in P.Y. 2023-24], she is not required to deduct tax at source under section 194C. In such case also, she is required to deduct tax at source of ₹1,10,000 under section 194M.

Note- In the question, it is mentioned that Ms. Aruna Is a business woman and her books are not audited in immediately preceding financial year. However, whether the provisions of section 194C would be attracted are dependent on whether the turnover of business carried on by her during the financial year immediately preceding the financial year in which the sum credited or paid exceeds 1 crore. In the absence of this Information, it is possible that audit may not be required in her case due to the following reasons-

- her turnover exceeds ₹ 1 crore but does not exceed ₹ 10 crores and receipts and payments in cash does not exceed 5% of such receipts or payments, respectively.
- her turnover exceeds 0: 1 crore but does not exceed 0: 2 crore and she is declaring profits under the presumptive provisions of section 44AD. Accordingly, following alternative answer is also possible based on the assumption that turnover of Ms. Aruna's business exceeds 0: 1 crore.

Alternative answer - In case Ms. Aruna made payment to Mr. Suresh for business purposes during the P.Y. 2023-24, she would be required to deduct tax at source @ 1% under section 194C amounting to ₹ 55,000 (since payment is made to Mr. Suresh, an individual) of ₹55,00,000.

- (iii) Tax has to be deducted @30% under section 194B on payment of ₹15,00,000 made to Mr. Naresh for winnings in Kon Banega Crorepati. Tax to be deducted = ₹15,00,000 × 30% = ₹ 4,50,000.
- (iv) Under section 194R, the person who is responsible for providing to a resident, any benefit or perquisite whether convertible into money or not, arising from business or the exercise of a profession by such resident, has to first ensure deduction of tax@10% of the value of such benefit or perquisite, if the same exceeds ₹20,000.
- However, In case of benefit or perquisite being a product like car, mobile etc. if the product Is returned to the manufacturing company after using for the purpose of rendering service, then it will not be treated as a benefit/ perquisite for the purposes of section 194R. Accordingly, in the present case, since Miss Tara has returned the car to TB Ltd., TDS provisions under section 194R would not apply.

QUESTION 3A:

- a) For Manufacturing Enterprises and Enterprises rendering Services
 Micro Enterprise - Investment in Plant and Machinery or Equipment \leq ₹ 1 crore and Annual Turnover \leq ₹ 5 crores.
 Small Enterprise - Investment in Plant and Machinery or Equipment \leq ₹ 10 crores and Annual Turnover \leq ₹ 50 crores.
- b) Computation of depreciation allowable for the A.Y. 2025-26 in the hands of Mr. Gamma

Particulars	Rs. crore
Total cost of plant and machinery	120.00
Less: Used for Scientific Research (Note 1)	(15.00)
Normal depreciation @ 15% on ₹ 105 crore	15.75
Additional Depreciation	
Cost of plant and machinery	120.00
Less: Second-hand plant and machinery (Note 2)	(20.00)
Less: Plant and machinery used for scientific research – cost already allowed u/s 35(1)(iv) r/w 35(2)(ia) (Note 2)	(15.00)
Eligible cost for additional depreciation	85.00
Additional depreciation @ 20% on ₹ 85 crore	17.00
Total depreciation allowable for A.Y. 2025-26	32.75

Notes: 1. As per section 35(2)(iv), no depreciation shall be allowed in respect of plant and machinery purchased for scientific research relating to assessee's business, since deduction is allowable under section 35 in respect of such capital expenditure.

2. Mr. Gamma is entitled to additional depreciation since he has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A). As per section 32(1)(ia), additional depreciation is allowable in the case of any new machinery or plant acquired and installed after 31.3.2005 by an assessee engaged in, inter alia, the business of manufacture or production of any article or thing, at the rate of 20% of the actual cost of such machinery or plant.

However, additional depreciation shall not be allowed in respect of, inter alia, –

- (i) any machinery or plant which, before its installation by the assessee, was used either within or outside India by any other person;
- (ii) any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profit and gains of business or profession" of any one previous year.

In view of the above provisions, additional depreciation cannot be claimed in respect of –

- (i) Second hand plant and machinery;
- (ii) New plant and machinery purchased for scientific research relating to assessee's business in respect of which the whole of the capital expenditure can be claimed as deduction under section 35(1)(iv) read with section 35(2)(ia) & (iv).

QUESTION 3B:

Particulars	Rs	Rs
Salaries		
Income from salary		2,70,000
Less: Loss from house property (Cannot be set off against income under any other head)		
Income from Salary		2,70,000
Profits and gains of business or profession		

Speculation business income	1,00,000	
Less: Business loss of ₹1,35,000 set off to the extent of ₹1,00,000	(1,00,000)	
Balance current year business loss of ₹35,000 to be set off against long-term capital gain	Ni	
Capital Gains		
Long-term capital gain	70,000	
Less: Balance current year business loss set off	(35,000)	
Long-term capital gain after set-off of business loss		35,000
Income from other sources		
Lottery winnings (Gross)		5,00,000
Total Income		8,05,000

Computation of tax liability for A.Y.2025-26

Particulars	Rs
On total income of ₹2,70,000 (excluding lottery winnings and LTCG)	Ni
On LTCG of ₹70,000 @ 20% (balance unexhausted basic exemption limit of ₹30,000 adjusted u/s 112)	1,000
On lottery winnings of ₹5,00,000 @ 30%	1,50,000
Total before cess	1,51,000
Add: Health & Education Cess @ 4%	6,040
Total Tax Liability	1,57,040

The assessee need not pay advance tax since the total income (excluding lottery income) liable to tax is below the basic exemption limit. Further, in respect of lottery income, tax would have been deducted at source @ 30% under section 194B. Since the remaining tax liability of Rs.6,040 (Rs.1,57,040 – Rs.1,50,000) is less than Rs.10,000, advance tax liability is not attracted.

Note - The first proviso to section 234C(1) provides that since it is not possible for the assessee to estimate his income from lotteries, the entire amount of tax payable (after considering TDS) on such income should be paid in the remaining instalments of advance tax which are due. Where no such instalment is due, the entire tax should be paid by 31st March, 2025. The first proviso to section 234C(1) would be attracted only in case of non- deduction or short-deduction of tax at source under section 194B. In this case, it has been assumed that tax deductible at source under section 194B has been fully deducted from lottery income. Since the remaining tax liability of Rs.1,040 (Rs.1,57,040 – Rs.1,50,000) is less than Rs.10,000, advance tax liability is not attracted.

QUESTION 4A:

Computation of total income of Mr. Rajat for the A.Y. 2025-26

Particulars	₹	₹
1. Income from house property		
House No.1	72,000	
House No.2	(30,000)	42,000
2. Profits and gains of business or profession		
Profit from leather business	1,00,000	
Bad debts recovered taxable under section 41(4)	35,000	
	1,35,000	
Less: Current year loss of textile business	(40,000)	95,000
Less: Brought forward business loss of textile business for A.Y. 2020-21 set off against the business income of current year	95,000	Nil
3. Capital Gains		
Short-term capital gain	60,000	

Gross Total Income		1,02,000
Less: Deduction under Chapter VI-A		
Under section 80C – LIC premium paid (not available since he is paying tax under the default tax regime)	-	
Total Income		1,02,000

Statement of losses to be carried forward to A.Y. 2026-27

Particulars	₹
Brought forward chemical business loss of A.Y. 2021-22 to be carried forward u/s 72	50,000
Long-term capital loss of A.Y. 2025-26 to be carried forward u/s 74	35,000

Notes:

- Share of profit from firm of ₹16,550 is exempt under section 10(2A).
- Long-term capital loss cannot be set-off against short-term capital gains. Therefore, it has to be carried forward to the next year to be set-off against long-term capital gains of that year.

QUESTION 4B:

a) Time-limit to rectify defect

Under Section 139(9), if the Assessing Officer (AO) considers the return of income to be defective, he shall intimate the defect to the assessee and give an opportunity to rectify it within 15 days from the date of such intimation.

The AO may, on an application made by the assessee, extend the period for rectification at his discretion.

Therefore, Mr. Vikas must upload the audit report and remove the defect within 15 days (or such extended period) from the date of receipt of the notice u/s 139(9).

b) Consequence of non-rectification

If the defect is not rectified within the time allowed (including any extension), the return shall be treated as an invalid return, and it will be deemed that no return has been filed under the Act.

Consequences of "no return filed" include:

- Loss of benefits such as carry-forward of losses, and
- Exposure to interest u/s 234A, as applicable.

However, if the assessee later rectifies the defect even after the expiry of the period but before the assessment is made, the AO may, at his discretion, treat the return as valid.

OR

As per the 7th proviso to Section 139(1), filing of return is compulsory, even if the total income is below the basic exemption limit, if certain financial criteria are met.

One such condition is where an assessee has deposited ₹1 crore or more in one or more current accounts maintained with a bank or co-operative bank.

Since the individual deposited ₹1.10 crore during the year, he is mandatorily required to file a return of income for AY 2025-26, even though his total income of ₹4.70 lakh is below the basic exemption limit.

CA INTER TEST SERIES JAN' 26 EXAM

Section – A: MCQ'S (15 Marks)

MCQ	Option	Explanation
1	(b)	<p>Since Bright Star Pvt. Ltd., is a registered supplier of both taxable and exempted goods in Shimla, Himachal Pradesh, the applicable threshold limit of registration is ₹ 40 lakh. The turnover exceeded ₹ 40 lakh on 16th August 2024.</p> <p>As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.</p>
2	(d)	<p>As per section 31(1) of the CGST Act, 2017, the invoice needs to be issued either before or at the time of removal of goods where supply involves movement of goods.</p> <p>Since the goods were removed on 24th September 2024, the invoice must be issued on or before that date.</p>
3	(b)	<p>Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.</p> <p>Interest Calculation:</p> <p>Due date for payment of GST = 20th October 2024</p> <p>Actual date of payment = 19th December 2024</p> <p>Delay in payment = 21st October, 2024 – 19th December, 2024 = 60 days</p> <p>Net GST payable in cash = ₹ 56,000</p> <p>Interest rate = 18% per annum</p> <p>Interest = $56,000 \times 18\% \times 60/365 = ₹ 1,657$ (rounded off)</p>
4	(c)	<p>Service provided by any person by way of renting of residential dwelling to a registered person is taxable under reverse charge. GTA services are liable to reverse charge as reverse charge mechanism (RCM) does not apply to services provided by a GTA, by way of transport of goods in a goods carriage by road to a Department of the Central Government/ State Government which has taken registration under the CGST Act only for the purpose of deducting tax under section 51 of the CGST Act, 2017 and not for making a taxable supply of goods or services.</p> <p>In the given case, Government department is registered under GST for providing various services.</p>
5	(d)	<p>Where GTA does not exercise the option to itself pay GST, GTA service is taxable @ 5%. Further input tax credit (ITC) on goods or services used in supplying GTA service cannot be availed by GTA in this case.</p>
6	(d)	<p>Services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations.</p> <p>Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.</p> <p>Warehousing rental services are provided to Mr. Shankar who is not an agriculturist and hence the services are not exempt.</p>
7	(d)	<p>Depreciation has been claimed on the total value including the value of GST and hence input tax credit cannot be claimed on capital goods. Further, without</p>

		availability of invoice, input tax credit related to raw material cannot be claimed.
8	(a)	<p>Available IGST credit in the credit ledger should first be utilized towards payment of IGST. Entire ITC of IGST is to be fully utilised first before the ITC of CGST or SGST/UTGST can be utilized.</p> <p>Available CGST Credit in the credit ledger shall first be utilized for payment of CGST. The remaining amount if any, will be utilized for payment of IGST.</p> <p>Available SGST /UTGST credit in the credit ledger shall first be utilized for payment of SGST/UTGST. Remaining amount if any, will be utilized for payment of IGST, only when credit of CGST is not available for payment of IGST.</p>

Section B: Descriptive
(Question No. 1 is compulsory and answer any 2 out of 3 given below)

ANSWER TO QUESTION 1:

Computation of GST payable by M/s Dynamic traders under FCM for the month of October, 2023:

Particulars	Amount	CGST	SGST	IGST
Taxable under Forward Charge				
Intra-State taxable supply of DSA service [Since DSA services are provided by partnership firm, so taxable under forward charge]	2,50,000	22,500	22,500	
Training and performance appraisal services to ABC Private Limited [Taxable; the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.]	3,00,000	-	-	54,000
Training and performance appraisal services to Babu Cones. [Taxable, the place of supply of services in relation to training and performance appraisal to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Bengaluru, hence Intra-State transaction]	1,00,000	9,000	9,000	-
Supply of Machinery [Section 10(1)(d) of the IGST Act, 2017 provides that if the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly. Thus, the	6,00,000	-	-	1,08,000

place of supply is the site of assembly of machine, i.e. Tamil Nadu.]				
Total		31,500	31,500	1,62,000

Computation of GST payable by M/s Dynamic traders under RCM for the month of October, 2023:

Particulars	Amount	CGST	SGST	IGST
Rent paid for residential unit [Service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism]	98,000	8,820	8,820	-
Information Technology services [Import of services from a non-related person without consideration, in the course or furtherance of business is not a supply.]	-	-	-	-
Total GST under RCM		8,820	8,820	0

Computation of Input tax credit available to M/s Dynamic traders for the month of October 2023:

Particulars	Amount	CGST	SGST	IGST
Rent paid for residential unit [GST paid under RCM can be availed as ITC and it is not a blocked ITC under Sec. 17(5)]	98,000	8,820	8,820	-
GTA services, where supplier opted to pay GST under FCM @ 12% [POS in case of transportation of goods to a registered person is location of recipient]	3,00,000	18,000	18,000	-
Total ITC availed		26,820	26,820	-

Computation of net GST payable by M/s Dynamic Traders for the month of October, 2023:

Particulars	CGST	SGST	IGST
Gross GST payable	31,500	31,500	1,62,000
(-) ITC utilised	(26,820)	(26,820)	-
FCM liability	4,680	4,680	1,62,000
RCM liability	8,820	8,820	0
Net GST payable	13,500	13,500	1,62,000

[10 MARKS]

ANSWER TO QUESTION NO. 1(B):

Particulars	Amount (₹)
GST on machinery purchased and used in the factory premises - ITC allowable in full in respect of the same as the same is not covered under blocked credits and used in the course or furtherance of business.	92,000
GST on machinery purchased and sent directly to a job worker working for the company - When goods are delivered to job-worker on the instructions of Hema Pesticides P. Ltd., the date of receipt by job worker is deemed to be received by the company and they can avail ITC.	42,000
GST on car purchased (Used mostly for business purposes; 25% usage estimated for personal use of the directors) - As per Sec. 17(5), motor car is blocked ITC and not covered under exceptions in the present case.	Nil
GST on raw materials purchased (Goods are received in lots/ instalments and 25% of the materials were received in February, 2022). - ITC can be availed only on receipt of last lot.	Nil
Where the goods against an invoice are received in lots/ instalments, ITC is allowed upon receipt of the last lot/ instalment vide first proviso to Section 16(2) of the CGST Act, 2017. ITC can be availed next month only. In the earlier month, GST has been paid on another lot, for which 90% delivery had been completed then and in the current month, balance materials were received. GST paid in the earlier month can now be claimed as ITC, as per reverse logic of earlier para	1,60,000
GST on health insurance premium paid for the employees working in the factory. Providing this is optional and the company has taken out this measure to improve the relations with the labourers. ITC of health insurance is blocked in the given case, since said services are not notified by Government as obligatory for employer to provide to its employees under any law - in terms of Section 17 (3) (b) (iii) of the CGST Act, 2017.	Nil

[5 MARKS]

ANSWER TO QUESTION NO. 2(A):

Statement Showing Amount to be Paid by Triton Manufacturing Ltd. as on 14th November 2025

S. No.	Particulars	Amount to be Paid	Working Note
(i)	Inputs lying in stock	20,275	₹ 1,68,960 × 12% = ₹ 20,275
(ii)	Inputs in process	10,742	₹ 89,520 × 12% = ₹ 10,742
(iii)	Inputs contained in finished goods	34,848	₹ 5,80,800 × 50% × 12% = ₹ 34,848
(iv)	Capital goods	62,370	Useful life = 60 months. Used for 5 months. Remaining life = 55 months. ₹ 2,40,000 × 28% × (55/60) = ₹ 62,370
	Total amount to be paid	1,28,235	

When Credit Ledger Balance is ₹ 3,35,980

Amount payable by Triton Manufacturing Ltd. = ₹ 1,28,235 Less: ITC available in electronic credit ledger = ₹ (3,35,980)

Excess ITC that shall lapse = ₹ (2,07,745)

When Credit Ledger Balance is ₹ 35,980

Amount payable by Triton Manufacturing Ltd.= ₹ 1,28,235

Less: ITC available in electronic credit ledger = ₹ (35,980)

Balance payable in cash through electronic cash ledger = ₹ 92,255

[5 MARKS]

ANSWER TO QUESTION NO. 2(B):

- a. TDS @2% on Purchase Order No. 002
= ₹7,000 (₹3,50,000 × 2%)
Person liable to deduct TDS is Education Department of T.N. State.
Note: Purchase Order No. 001, value after deducting tax ₹2,40,000 (i.e. ₹3,00,000 – 60,000) and not attract TDS provision u/s 51 of CGST Act, 2017
- b. Last date of payment of TDS is 10-09 20XX
(i.e. Specified person shall be paid to the credit of the appropriate Government within 10 days after the end of the month in which such deduction is made)
- c. Date of furnishing certificate to supplier (i.e. Form GSTR-7A) Last date = 15-9-20XX
(i.e. certificate is required to be furnished within 5 days of crediting the amount to the appropriate Government)
- d. Date of furnishing return (i.e. From GSTR-7) Last date of furnishing return = 10-09-20XX
(i.e. Submit return in Form GSTR-7 within 10 days after the end of the month in which deduction was made).
- e. Penalty for late furnishing of Form GSTR-7A is nil.

[5 Marks]

ANSWER TO QUESTION NO. 3(A):

The value of exempt supply by Nagpur unit and Mumbai unit for the purpose of apportionment of ITC under section 17(3) of the CGST Act, 2017 is determined as follows:

As per section 17(3) of the CGST Act, 2017, value of exempt supply includes supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.

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 sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.

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 in section 17(3), the value of exempt supply in respect of land and building is the value adopted for paying stamp duty and for security is 1% of the sale value of such security.

Further, the aggregate value of exempt supplies 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.

In view of the aforesaid provisions, value of exempt supply by Nagpur unit and Mumbai unit for the purpose of apportionment under section 17(3) is as follows:

Particulars	Mumbai Unit	Nagpur Unit
Sale of taxable goods	-	-
Interest received on fixed deposits [Excluded from value of exempt supply]	-	-

Sale of securities [1% of ₹ 4,50,000] [Includible as per section 17(3). Value of exempt supply in respect for security is 1% of the sale value of such security.]	4,500	-
Sale of agricultural land [Includible as per section 17(3). Value of exempt supply in respect of land is the value adopted for paying stamp duty.]	-	1,85,00,000
Sale of old factory building [Includible as per section 17(3). Value of exempt supply in respect of building is the value adopted for paying stamp duty.]	75,00,000	-
Transfer of actionable claims (other than casinos, online gaming and horse racing) [Excluded from value of exempt supply by virtue of explanation to section 17(3).]	-	-
Total Value of Exempt Supply	75,04,500	1,85,00,000

[5 MARKS]

ANSWER TO QUESTION NO. 3(B):

(i) Where a taxpayer opts to withdraw from the composition scheme, he has to file GSTR-4 for the period for which he has paid tax under the composition scheme. Such return is required to be furnished till 30th day of June following the end of the financial year during which such withdrawal falls. Therefore, in the given case, Mr. Jagmag is liable to file GSTR-4 for the said F.Y. during which he opted out of composition scheme by 30th June of next F.Y.

(ii) A registered person is not allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him. Therefore, in the given case, Mrs. Gargi cannot file GSTR-3B for July, if she has not filed GSTR-3B for the preceding month, i.e., June.

[5 MARKS]

ANSWER TO QUESTION NO. 4(A):

GST Analysis of Transactions Involved in the Music Concert

1. Services Provided by Harmonia Entertainment Pvt. Ltd. to Audiences (Admission to Music Concert)

Relevant Section: Section 12(6) of IGST Act, 2017

Place of Supply: The place where the event is held, Bengaluru, Karnataka

Location of Supplier: Pune, Maharashtra

GST Calculation: 500 tickets × ₹4,800 per ticket = ₹24,00,000

IGST @ 18% on ₹24,00,000 = ₹4,32,000

If the ticket price is ₹400 per ticket, it qualifies for exemption under GST.

2. Services Provided by Spectra Events Pvt. Ltd. to Harmonia Entertainment Pvt. Ltd. (Organizing the Music Concert)

Relevant Section: Section 12(7) of IGST Act, 2017

Place of Supply: Location of the recipient (since recipient is a registered person), Pune, Maharashtra
Location of Supplier: Hyderabad, Telangana

GST Calculation: ₹12,50,000 × 18% IGST = ₹2,25,000

3. Services Provided by Grand Vista Hotel to Spectra Events Pvt. Ltd. (Accommodation for Organizing the Concert)

Relevant Section: Section 12(3)(c) of IGST Act, 2017

Place of Supply: Location of immovable property → Bengaluru, Karnataka

Location of Supplier: Bengaluru, Karnataka

GST Calculation:

$$\text{CGST} = ₹5,50,000 \times 9\% = ₹49,500$$

$$\text{SGST} = ₹5,50,000 \times 9\% = ₹49,500$$

[5 MARKS]

ANSWER TO QUESTION NO. 4(B)

It has been clarified vide a circular that securities are considered neither as goods nor as services in terms of definition of goods and the definition of services. Further, securities include 'shares' as per definition of securities.

This implies that the securities held by the holding company in the subsidiary company are neither goods nor services. Further, purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services. For a transaction/activity to be treated as supply of services, there must be a supply as defined under section 7 of the CGST Act, 2017. It cannot be said that a service is being provided by the holding company to the subsidiary company, solely on the basis that there is a specific SAC entry in the scheme of classification of services, unless there is a supply of services by the holding company to the subsidiary company in accordance with section 7 of the CGST Act, 2017. Therefore, the activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.

(or)

The amount available in the electronic credit ledger may be used for making any payment towards output tax under the CGST Act or the IGST Act, subject to the provisions relating to the order of utilisation of ITC. Further, output tax in relation to a taxable person is defined as the tax chargeable on taxable supply of goods or services or both but excludes tax payable on reverse charge mechanism.

Accordingly, it is clarified that any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the provisions of GST laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

It is further reiterated that as output tax does not include tax payable under reverse charge mechanism, implying thereby that the electronic credit ledger cannot be used for making payment of any tax which is payable under reverse charge mechanism.

[5 MARKS]