

CA INTER MIGHTY 50 FOR JAN 26 EXAM

QUESTION NO. 1

M/s All-in-One, a partnership concern and a registered supplier under GST, is engaged in providing various services under one roof. The concern provides the following information pertaining to supply made/ input services availed by it during the month of March 2022:

	Particulars	₹
(i)	Provided Direct Selling Agent service to Y Bank Ltd.	4,00,000
(ii)	Provided security services to ABC P. Ltd. a registered Person under GST	60,000
(iii)	Provided Recovery agent services to Zen Ltd, a financier in motor vehicles	1,00,000
(iv)	Provided renting of motor vehicle to Amaze Tours Ltd. and supply value included cost of fuel	75,000
(v)	Paid Sponsorship to Priti & Co. CA Firm for an event organised by them to create GST awareness.	40,000
(vi)	Availed representational service from PB and Co. a Law Firm towards a Consumer Court case	70,000
(vii)	Imported cloud storage services from GOOGLE Inc. (US) for storing the data	60,000

Determine the GST liability of M/s All-in-One for the month of March, 2022 by giving necessary explanations for treatment of various items. Rate of tax for both inward and outward supply is CGST / SGST @ 9% each except renting a vehicle, for which CGST / SGST @ 2.5% each is applicable. M/s All-in-One commenced its business from February, 2022. All the supplies are intra-state unless specifically applicable.

ANSWER:

GST liability of M/s All-in-One

	Particulars	Value	CGST payable	SGST payable	IGST payable
A.	GST liability on outward supply				
(i)	Direct selling agent service to Y Bank Ltd. [Tax is payable under forward charge since the supplier of such service is a partnership firm and not an individual. It falls under RCM if the supplier is other than body corporate or firm]	4,00,000	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	-
(ii)	Security services to ABC P. Ltd., a registered person [Tax is payable under reverse charge by the recipient since security services are provided by a non-body corporate to a registered person.]	-	-	-	-
(iii)	Recovery agent services to Zen Ltd., a financier [Tax is payable under forward charge since recovery agent services to banking company/FI/NBFC is only covered under RCM]	1,00,000	9,000 [1,00,000 × 9%]	9,000 [1,00,000 × 9%]	-
(iv)	Renting of motor vehicle to Amaze Tours Ltd. where value included cost of fuel [Tax is payable under reverse charge by recipient since such services are provided by a non- body corporate to a body corporate and GST is payable @ 5%.]	-	-	-	-

Total GST liability on outward supplies			45,000	45,000	0
B.	GST liability on inward supplies under reverse charge				
(v)	Received Sponsorship services from Priti & Co, a CA firm [Sponsorship services provided to firm or body corporate is chargeable to GST under RCM]	40,000	3,600 [40,000 × 9%]	3,600 [40,000 × 9%]	
(vi)	Availed representational service from PB and Co., a law firm [Legal services provided by a partnership firm of advocates/individual advocate other than a senior advocate 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, are exempt from GST. Since M/s All-in-One started its business in February 2020, its turnover in the preceding financial year is zero making it eligible for exemption from registration in the preceding financial year and hence, the legal services provided to it are exempt from GST.]	Nil	-	-	
(vii)	Import of OIDAR services by All in One is taxable under RCM as import of services is covered under notified services for RCM under Se. 9(3) read with Notification No. 13/2017. Import of services is deemed interstate supply and chargeable to IGST	60,000			10,800
	GST liability on inward supplies under reverse charge		3,600	3,600	10,800

QUESTION NO. 2

Sundar is HRD head of Infosys. For the year ending March 31, 2021, CTC of Sundar (as per employment agreement) is as follows –

	₹
Salary (₹2,00,000 per month)	24,00,000
Residential accommodation (cost to company: ₹6,00,000)	6,00,000
Conveyance facility (reimbursement up to ₹25,000 per month)	3,00,000
Cost to company (CTC)	33,00,000

On January 1, 2021, Infosys gifts a new car to Sundar (worth ₹12 Lakhs). Gift of car is not covered by CTC as well employment agreement.

Sundar owns a commercial flat. He has given on rent to Infosys (monthly rent being ₹3,00,000). Discuss whether GST is applicable. Determine the amount of GST liability (assume that GST rate is 28% for car and 18% for others) –

- 1) Rent received on account of renting of commercial flat by Sundar to Infosys
- 2) Salary received
- 3) Residential accommodation, conveyance facility provided by Infosys to Sundar
- 4) Gift of car by Infosys to Sundar

ANSWER:

Taxability in hands of Sundar-

1. Taxability of rent received: Transaction of renting services by Sundar to Infosys falls within the scope of supply, renting being a commercial activity undertaken by Sundar (Sec 7(1)(a) of CGST Act). Thus, it will attract any GST liability*. GST@18% is payable.

2. Taxability of Salary received: Supply of employment services by Sundar to Infosys is out of scope of supply (Sec 7(2) of CGST Act read with Schedule III of CGST Act). Thus, it will not attract any GST liability. (Sundar has received his remuneration/salary in cash as well as in kind/facilities – none of this will attract GST in hands of employee)

*Presumed that Sundar is not opting for benefit of threshold benefit as available u/Sec 22 of CGST Act

Taxability in hands of Infosys-

3. Taxability of supply of residential accommodation: As per Press Release, supply of service of residential accommodation to the employee shall not be treated as supply by employer, rather it shall be treated as payment of remuneration from employer. Provisioning of residential accommodation to employee as a part of employment contract shall not be treated as 'gift' by employer to employee. Thus, it will not attract any GST liability.

Taxability of supply of conveyance facility: For same reasoning as discussed above, provisioning of conveyance facility to employee as a part of employment contract shall not be treated as 'gift' by employer to employee. Rather it is payment of remuneration for employment services provided by Sundar. Thus, it will not attract any GST liability.

4. Taxability of gift of car: Gift of car is not covered by employment contract. Though Infosys has not charged anything from Sundar, but still transaction will fall within the scope of supply as it being related party transaction (Sec 7(1)I read with Schedule I (Para 2)). Further, the value of car being in excess of ₹50,000, such gift will attract GST @28% on full value of car (GST Cess payable additionally)

QUESTION NO. 3

X Ltd. is located in Ludhiana. It is GST registered with ATO of ₹20 crores. It is in the business of manufacture of cast glass. It has received the following services from different persons during December 2021 –

- Service by Department of Posts by way of express parcel post (value of service: ₹40,000).
- For transportation of goods, X Ltd. pays ₹1,00,000 to Indian Railways.
- X Ltd. (GST Registered) has taken a commercial property on rent from the Punjab Government for which company pays rent of ₹2,00,000.
- X Ltd. has taken security services for factory complex from the Mumbai Government for which payment of ₹50,000 is made.
- X Ltd. has taken security services for office from Task Force Security Ltd. (a private sector company) for which payment of ₹95,000 is made.

Discuss the applicability of reverse charge to the above transactions.

Answer:

<u>Nature of service</u>	<u>Value of taxable services (₹)</u>	<u>Applicability of reverse charge (RCM)</u>
Express parcel post	40,000	RCM not applicable to these services- supplier will charge GST in its invoice.
Transportation of goods	1,00,000	RCM not applicable to these services- supplier will charge GST in its invoice. Services by Indian Railways is always chargeable to GST under FCM

Renting of immovable property	2,00,000	RCM applicable to these services- -Recipient shall be liable to pay GST.
Security services	50,000	RCM is applicable to these services- Recipient shall be liable to pay GST.
Security services	95,000	RCM not applicable to these services- supplier will charge GST in its invoice. (Supplier of security service is body corporate)

Question No. 4:

Charm Limited registered under GST in the state of Jharkhand, manufactures cosmetic products and appointed Mr. Handsome of Mumbai, who is registered under GST in the state of Maharashtra, as their Del-credere agency agent (DCA) to the sell their products. Being a DCA, he agrees to raise invoices in his own name and also guarantees for the realisation of payment from customers to Charm Limited.

In order to realise the payments from customers on time, he extends short term transaction-based loans to them and charges interest for the same.

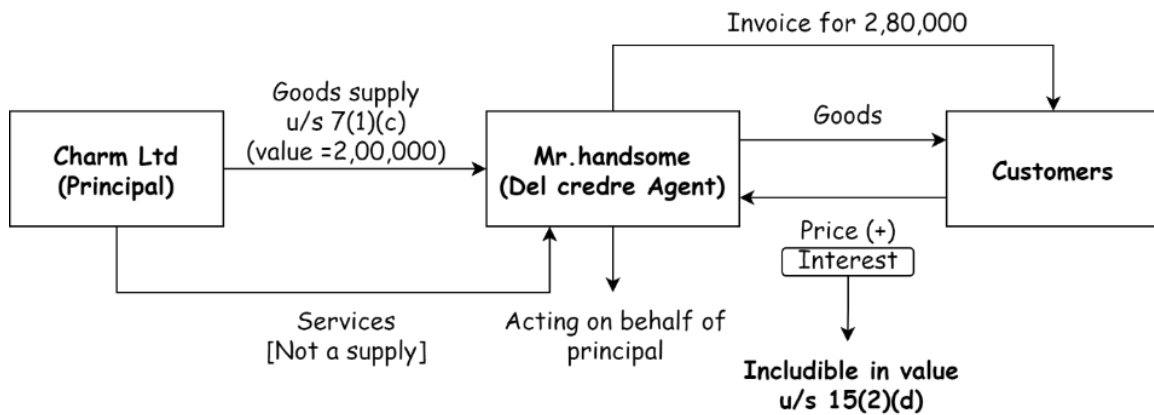
Mr. handsome provides you the following details of transactions carried out during the month of March 2022.

Sl.No	Particulars	Amount in ₹
	Outward Supply:	
i.	Goods sold by MR. Handsome in the DCA capacity (Intra-State transaction)	2,80,000
ii.	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (Intra-State transaction)	20,000
iii.	Commission bill raised on Charm Limited (Inter-State transaction) in respect of DCA services provided.	30,000
	Inward Supply:	
iv.	Inter-State supply of goods received from Charm Limited. Since being a DCA, no consideration was paid. Value under section 15 - ₹ 2,00,000	Nil
v.	Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost. Company charges ₹ 75,000 for such training when they provide the same to others	Nil

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST. Amount given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for availment of Input Tax Credit.

You are required to calculate the gross GST liability and eligible Input Tax Credit for the month of March 2022 of Mr. Handsome. Brief notes should form part of your answer for treatment of items in Sl. No (i) to (v).

Answer:



I. Computation of Gross GST payable by Mr. Handsome

Particulars	CGST	SGST	IGST
Sale of Goods (Note-1)	$2,80,000 \times 9\%$ =25,200	$2,80,000 \times 9\%$ =25,200	
Interest earned from customers (Note-2)	$20,000 \times 9\%$ =1,800	$20,000 \times 9\%$ =1,800	
Commission earned from principal (Note-3)			$30,000 \times 18\%$ =5,400
Gross GST payable	27,000	27,000	5,400

II. Computation of ITC available to Mr. Handsome

Particulars	CGST	SGST	IGST
Inward supply of goods from principal (Note-4)	-	-	$2,00,000 \times 18\% = 36,000$
Inward supply of services from principal (Note-5)	-	-	-
Total ITC	-	-	36,000

III. Computation of Net GST payable by Mr. Handsome

Particulars	CGST	SGST	IGST
Gross GST payable	27,000	27,000	5,400
(-) IGST credit utilized	(15,300)	(15,300)	(5,400)
Net GST Payable	11,700	11,700	-

Notes to above:

1. An agent is said to be acting on behalf of principal, if such agent is raising invoice to the buyer in the name of agent. In the present case Mr. Handsome being an agent is raising invoice in his name and it is supply u/s 7(1)(a) and chargeable to GST.
2. As per CBIC circular interest received by DCA from customers treated as interest on account of delay in receipt of consideration and consequently included in the value u/s 15(2)(d), if such DCA is acting on behalf of principal. In the present case, as Mr. Handsome is acting as agent on behalf of charm Ltd by raising invoice in the name of Mr. Handsome, interest earned shall be treated as inclusion in value and chargeable to GST accordingly.

3. Commission earned by Mr. Handsome from charm ltd. is towards Supply of services as an agent and the same constitutes as supply u/s 7(1)(a) and chargeable to GST. Charm Ltd. can avail ITC on the same.
4. As per Sec. 7(1)(c) read with schedule I of CGST Act, supply of goods by a principal to their agent acting on behalf of principal, constitutes supply and chargeable to Gst, even though it is without consideration. In the present case, as Mr. Handsome is acting as agent on behalf of charm Ltd, supply of goods by charm ltd. to Mr. Handsome, even though without consideration is chargeable to GST and the same can be availed as ITC by Mr. Handsome.
5. Principal - Agent transaction referred to in Sec. 7(1)(c) is only w.r.to goods but not w.r.to services. Therefore, services provided by charm ltd. to Mr. Handsome, without consideration is not a supply and consequently not chargeable to GST.

Question No. 5:

The Resident Welfare Association (RWA) of Blue Heaven Housing Society in Delhi provides the following information with respect to the various amounts received by it in the month of January 2021.

Sr. No.	Particulars	₹
1.	Monthly subscription collected from member families (₹8,500 each from 100 families) 8,50,000	
2.	Electricity charges levied by State Electricity Board on the members of RWA [The same was collected from members and remitted to the Board on behalf of members.]	3,50,000
3.	Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area. [Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally on actual basis as charged by state electricity board, among 100 families and then, remitted the same to the Board.]	4,00,000
4.	Proceeds from sale of entry tickets to a cultural programme conducted by the RWA in the park of Blue Heaven Housing Society	40,000
5.	Proceeds from sale of space for advertisement in Members directory [from members ₹ 1,00,000 and from non-members ₹ 2,00,000]	3,00,000

Compute the value of taxable service of RWA of Blue Heaven Housing Society for the month of January, 2021.

ANSWER:

Sr. No.	Particulars	₹
1.	Monthly subscription collected from member families (₹8,500 each from 100 families) [Note 1]	8,50,000
2.	Electricity charges levied by State Electricity Board on the members of RWA [The same was collected from members and remitted to the Board on behalf of members.] [Note 2]	Nil
3.	Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area on actual basis as charged by State Electricity board. [Note 3]	Nil
4.	Proceeds from sale of entry tickets to a cultural programme conducted by the RWA in the park of Blue Heaven Housing Society [Note 4]	40,000
5.	Proceeds from sale of space for advertisement in Members directory [from members ₹ 1,00,000 and from non-members ₹ 2,00,000] [Note 4]	3,00,000
	Value of taxable service	11,90,000

Notes:

1. As per Exemption Notification 12/2017 Central Tax (Rate) there is an exemption upto ₹ 7,500 per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex. In the above case the amount exceeds the prescribed limit. Hence, the same is liable to GST
2. This has been collected as a 'pure agent' basis as per the explanation provided in Rule 33 of CGST Rules. Hence, the same is not liable to GST
3. As per CBIC circular No. 206/18/2023, where RWA charge for electricity on actual basis i.e., they charge the same amount for electricity from their lessees or occupants as charged by state electricity board from them, they will be deemed to be acting as pure agent for this supply.
4. The same is not covered under exemption. Hence, liable to GST

Question No. 6:

Samsung Electronics sells a smartphone to a customer with a 1-year manufacturer's warranty. During the warranty period, the customer experiences a defect and visits an authorized distributor, who replaces the defective smartphone with a new one from their own stock. Samsung later replenishes the distributor's stock without charging any additional amount. Additionally, at the time of purchase, the customer buys an extended 2-year warranty from a third-party service provider, Warranty Plus, which begins after the manufacturer's 1-year warranty expires.

You are required to:

- I. Determine the GST liability for Samsung on the replacement of the defective smartphone under the manufacturer's warranty.
- II. Explain the GST implications for Samsung when it replenishes the distributor's stock with a new smartphone.
- III. Discuss the GST treatment for the extended warranty provided by Warranty Plus, considering it was purchased at the time of the original sale but from a different supplier.
- IV. Analyze how the GST liability would change if the extended warranty was purchased from Samsung directly, at the time of the original purchase.

ANSWER:

(i) GST Liability for Samsung on the Replacement of the Defective Smartphone Under the Manufacturer's Warranty:

As per Circular No. 195/07/2023-GST, the replacement of the defective smartphone falls under the manufacturer's warranty, which was part of the original supply of goods. Since GST has already been paid at the time of the initial sale of the smartphone, no additional GST is applicable when Samsung replaces the defective smartphone. The replacement is considered part of the original transaction, and therefore, Samsung is not required to charge GST or reverse Input Tax Credit (ITC) on this replacement.

(ii) GST Implications for Samsung When Replenishing the Distributor's Stock:

When Samsung replenishes the distributor's stock with a new smartphone to compensate for the replacement made by the distributor, the replenishment is done via a **delivery challan** without any monetary consideration. According to the circular, since there is no consideration involved in this transaction, it does not constitute a taxable supply under GST. As such, **no GST is payable** on the replenishment, and Samsung is not required to reverse ITC for this transaction.

(iii) GST Treatment for the Extended Warranty Provided by Warranty Plus:

In this scenario, the customer has purchased an extended 2-year warranty from a third-party service provider, Warranty Plus, which is separate from the manufacturer's warranty. since the extended warranty is provided by a different supplier (Warranty Plus) than the one who supplied the goods (Samsung), this is treated as a **separate supply of services**. GST will

be charged on the value of the extended warranty as a service, distinct from the original supply of goods. The applicable GST rate for services will apply to the extended warranty provided by Warranty Plus.

(iv) GST Liability If the Extended Warranty Was Purchased From Samsung:

If the extended warranty had been purchased from Samsung directly at the time of the original sale, this would be considered a **composite supply**. As per **Circular No. 195/07/2023-GST**, when an extended warranty is part of the same transaction as the sale of the smartphone and is supplied by the same supplier (Samsung), it forms part of a composite supply. In this case, the principal supply is the smartphone, and the GST rate applicable to the smartphone will also apply to the extended warranty. Therefore, Samsung would charge GST at the same rate as the smartphone on the entire transaction, including the extended warranty.

QUESTION NO. 7

Determine the value of taxable service in respect services in respect of transportation services provided by Om Shree Transport Agency, a goods Transport Agency (GTA), as follows:-

Nature of Services Provided	Value Rs.
Transportation of salt and food grains	17,50,000
Consignment of books transported in single carriage	1,50,000
Transport of colour TV sets to M/s XYZ Ltd. a registered entity	3,55,000
Transport of auto spares for Mr. A, an unregistered person	1,25,000
Transport of military equipment	25,000
Freight collected for transporting small consignment for person who paid Rs. 700 for each consignment	10,000
Transported goods of local authority who took registration under CGST Act only for deducting tax u/s 51 and not for making a taxable supply	10,000

Note: Om shree transport agency is registered person under GST who has opted to pay tax on service supplied by it forward charge.

ANSWER:

Computation of value taxable services of Om Shree Transport Agency:-

Nature of services provided	Value Rs.	Remarks
Transportation of salt and food grains	-	Transpiration of salt and food grains by GTA is exempt
Consignment of books transported in single carriage	1,50,000	Taxable as not covered in any exemption
Transport of colour TV sets to M/s XYZ Ltd. a registered entity under GST	3,55,000	Services provided by GTA to a registered person is taxable under forward charge.
Transport of auto spares for an unregistered person	-	Services provided by GTA to an unregistered person is exempt.
Transport of military equipments	-	It is specifically exempt.
Freight collected for transporting small consignment for person who paid Rs. 700 for each consignment	10,000	Taxable as not covered in any exemption.
Transported goods of local authority	-	It is specifically exempt.
Value of taxable services	5,15,000	

QUESTION NO. 8

Comment on the liability to get registered under GST law in the given independent situations for financial year 20XX-YY. Your answer should also include relevant provisions of law, notifications or circulars.

- 1) Miss Riddhima is exclusively engaged in the export of readymade garments from the State of Rajasthan and her export turnover during the year is ₹17 lakh. Apart from export turnover, she has earned interest on bank Fixed deposits for ₹2 lakh also.
- 2) Ajanta Enterprises is exclusively engaged in the trading of exempt good under GST in the State of Haryana and has not taken the GST registration. During the year, its turnover from exempt supplies is ₹47 lakh and Ajanta Enterprises also sold old generator for ₹1.25 lakh during the year.
- 3) Mr. P has presence in two States, one in Haryana and other in Rajasthan. He is registered in the State of Rajasthan even without crossing the threshold limit. His turnover during the year in Rajasthan is ₹32 lakh and in Haryana is ₹5 lakh. Is he mandatorily required to get registered in the State of Haryana also?
- 4) Mr. John is engaged in the business of buying and selling of shares on his own account from the secondary market and his income from this activity is assessed as business income under the Income-tax Act 1961. During the year his total sales turnover from shares was ₹90 lakh.
- 5) Baba P. Ltd. engaged in cultivation of land in Tamil Nadu and they sold agricultural produce out of cultivation of land to the extent of ₹75 lakhs. They employed hired labour to cultivate and harvest various crops.

Answer:

1	➤ Export of goods is treated as inter- State supply
	➤ Miss Riddhima is liable to obtain registration compulsorily irrespective of the quantum of her aggregate turnover since she is engaged in making inter-State supply (exports of goods).
	➤ It is assumed that the exporter of goods- Miss Riddhima-has availed the export benefits available under GST.
2	➤ Any person engaged exclusively in making exempt supplies is not liable to registration.
	➤ However, Ajanta Enterprises is liable to get registered as it has also made taxable supply along with exempt supplies during the year and its aggregate turnover (₹48.25 lakh) exceeds the threshold limit for registration (₹40 lakhs),
3	➤ Since registration in GST is PAN based, once a supplier is liable to register, he has to obtain registration in each of the States/Union Territories in which he operates under the same PAN.
	➤ Thus, Mr. P is liable to get registered in Haryana also, provided he is not engaged exclusively in making exempt supplies from Haryana.
	➤ However, a person who is voluntarily registered in one State needs to obtain registration in other States from where he makes a taxable supply only if his aggregate turnover exceeds applicable threshold limit for registration. In that case, Mr. P is not liable to obtain registration from Haryana since the aggregate turnover does not exceed the threshold limit for registration
4	➤ A supplier is liable to obtain registration in a State/Union Territory from where he makes taxable supply of goods and/or services.
	➤ Shares are excluded from the definition of goods as well as services hence, buying and selling of shares is not a supply of goods and/or services under GST law.
	➤ Thus, Mr. John is not liable to obtain registration since he is not engaged in making a taxable supply of goods and/or services.
5	➤ "Agriculturist" means only an individual or HUF, but not others

	➤ As per Sec. 23 of CGST Act, an agriculturist engaged in supply out of cultivation of land is exempted from registration
	➤ In the present case, such exemption not available as the cultivator is other than Individual or HUF. Also, as Baba P. Ltd. turnover exceeds threshold limit of 40 lakhs, they are required to get registered.

QUESTION NO. 9

Determine whether GST is payable in respect of each of the following independent services provided by the registered persons:

- (1) Service provided to a Governmental Authority by way of slum improvement and upgradation.
- (2) Fees of ₹ 20,000 charged from office staff for in-house personality development course conducted by Banarsidas College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.
- (3) Bus fees of ₹ 2,000 per month collected from students by RPSD College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.
- (4) Housekeeping service provided by M/s. Buff Ltd. to Bloom Montessori school, a play school, for cleaning its playground and classrooms for ₹ 30,000 per month.
- (5) Grow Buds supplied 'Gratitude Jot', an online educational journal, to students of UKG class of Seeds Montessori School for ₹ 2,000.

ANSWER:

- (1) Services provided to a Governmental Authority by way of slum improvement and upgradation is specifically exempt from GST vide exemption notification under GST law.
- (2) Services provided by an educational institution to its students, faculty and staff are exempt from GST vide exemption notification. Educational Institution has been defined to mean, inter alia, an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force. Since Banarsidas College provides education as part of a curriculum for obtaining a qualification recognised by Indian law, the services provided by it to its staff by way of conducting personality development course would be exempt from GST, it being an educational institution.
- (3) Since RPSD College provides education as a part of a curriculum for obtaining a qualification recognised by Indian law, the transport services provided by RPSD College to its students are exempt from GST.
- (4) Services provided to an educational institution, by way of, inter alia, house-keeping services performed are exempt from GST vide exemption notification provided such services are performed in such educational institution. However, such exemption is available only when the said services are provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent. In view of the above discussion, house-keeping services provided to Bloom Montessori Play School are exempt from GST since housekeeping services have been performed in such play school itself.
- (5) Services provided to an educational institution by way of supply of online educational journals or periodicals is exempt from GST vide exemption notification. However, such exemption is not available to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent. Therefore, supply of online journal to students of UKG class of Seeds Montessori School is not exempt from GST.

QUESTION NO. 10:

Computation of value of taxable supply: From the following information determination the value of taxable supply as per provisions of section 15 of the CGST Act, 2017?

Value of machine (Including GST@ 12%)	15,00,000
The invoice value includes the following	
(1) Taxes (other than CGST/SGST/IGST) charged separately by the supplier	15,000
(2) Weighment and loading charges	25,000
(3) Consultancy Charges in relation to pre-installation planning	10,000
(4) Testing Charges	2,000
(5) Inspection Charges	4,500
Other Information	
(i) Subsidy received from Central government for setting up factory in backward region	51,000
(ii) Subsidy received from third party for timely supply of machine to recipient	50,000
(iii) Trade discount actually allowed shown separately in invoice	24,000

Give reason with suitable assumptions where necessary

ANSWER:

Computation of Value of taxable supply of Goods:

Note: In the absence of information, the given price is assumed to be after considering subsidy

Particulars	₹
Value of machine (including GST @ 12%)	15,00,000
(1) Taxes other than CGST/SGST/IGST charged separately by the supplier [As per section 15(2)(a) of CGST Act. 2017, any duty, cesses, fees and other charges, charged separately by supplier are to be included in value of taxable supply. Since they are already includible. Since they are already included, <u>no adjustment called for</u>]	-
(2), (3), (4) and (5) Weighment and loading charges, Consultancy Charges in relation to pre-installation planning. Testing Charges and Inspection Charges charged before supply [As per section 15(2). any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Since they are already included, <u>no adjustment called for.</u>]	-
i. Subsidy received from Central government for setting up factory in backward region [As per section 15(2) (e), the value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. <u>Hence, not includable.] in the given price its already excluded.</u>	-
ii. Subsidy received from third party for timely supply of machine to recipient [As per Section 15(2) (e), the value of supply shall include subsidies directly linked to the price; <u>hence, Includable</u>] <u>In the given price its already excluded.</u>	50,000
iii. Trade discount actually allowed shown separately in invoice [As per Section 15(3)(a), the value of the supply shall not include any discount which is given before or at the time of the supply, if such discount has been duly recorded in the invoice issued in respect of such supply. Hence, same is deductible in computing value. It is given as 'other information, <u>hence, it is not already adjusted.</u>]	(24,000)

Cum tax value (i.e., value including GST)	15,26,000
Less: GST@12% $[15,26,000 \times 12 \div 112]$ [As per Section 15(2)(a) of the CGST Act, 2017, value of supply shall not include GST and GST Cess. Even as per Rule 35, if price is inclusive of GST, GST shall be computed using back-computations.]	(1,63,500)
Value of taxable supply	13,62,500

QUESTION NO. 11

The following details of purchases, sales, etc. effected by M/s TAB & Co. a registered manufacturer under CCST Act, 2017:

- (1) Purchased Raw material 'A' from local dealer Rs. 86,100 (inclusive of GST @ 5%)
- (2) Purchased Raw material 'B' from local dealer Rs. 1,12,000 (inclusive of GST @ 12%)
- (3) Purchased capital goods from within the state to be used in manufacture of the taxable goods Rs. 1,96,000 (inclusive of GST @ 12%). Depreciation @ 15% to be charged for these goods manufactured.
- (4) Other Direct and Indirect expenses Rs. 55,460.
- (5) Earned 5% profit margin on total cost
- (6) During the tax period only 70% production is sold within the state and applicable GST rate being 12%

Calculate the amount of CGST and SGST payable after utilising input tax credit assuming no opening balance of input tax credit is available.

ANSWER:

Computation of Taxable value of supply (amount in Rs.):

Purchase Raw material 'A' from local dealer $(Rs. 86,100 \times 100 \div 105)$ [WN]	82,000
Purchase Raw material 'B' from local dealer $[Rs. 1,12,000 \times 100 \div 112]$ [WN]	1,00,000
Depreciation expense $[(Rs. 1,96,000 - Rs. 1,96,000 \times 12 \div 112) \times 15\%]$	26,250
Other direct and indirect expense	55,460
Total Cost of goods manufactured	2,63,710
Cost of goods sold (70% of goods produced were sold)	1,84,597
Add: Profit margin 5% of cost	9,230
Taxable value of supply	1,93,827

Working Note:

Credit will be available for CGST and SGST charged by local suppliers. Hence, the same is not to be included in the cost.

Computation of CGST and SGST payable after utilising the available input tax credit.

Particulars	CGST (Rs.)	SGST (Rs.)
Output tax liability @ 12% (being CGST 6% and SGST 6%) $[Rs. 1,93,827 \times 12\%]$	11,630	11,630
Less: Eligible input tax credit in respect of purchases of-		
Raw material "A" $[82,000 \times 5\%]$	2,050	2,050
Raw material "B" $[1,00,000 \times 12\%]$	6,000	6,000
Capital Goods $[1,75,000 \times 12\%]$	10,500	10,500
Net GST payable	0	0
CGST/SGST credit to be carried forward	6,920	6,920

QUESTION NO. 12:

Dobriyal Technocrats Ltd., registered in Gurgaon, Haryana, is engaged in manufacturing heavy steel machinery. It enters into an agreement with Mindsharp Associates, registered in Delhi, for imparting motivational training to the top management of Dobriyal Technocrats Ltd. in a 5-day residential motivational training programme at an agreed consideration of ₹ 20,00,000. Mindsharp Associates books the conference hall along with the rooms of Hotel Chumchum, Neemrana (registered in Rajasthan) for the training programme, for a lump sum consideration of ₹ 12,00,000.

You are required to determine the place of supply in respect of the supply(ies) involved in the given scenario.

ANSWER:

In the given situation, two supplies are involved:

- (i) Services provided by Mindsharp Associates to Dobriyal Technocrats Ltd. by way of providing motivational training to its top management.
- (ii) Services provided by Hotel Chumchum to Mindsharp Associates by way of accommodation in said hotel for organizing the training programme.

The place of supply in respect of each of the above supplies is determined as under:

- (i) As per the provisions of **section 12(5)(a) of the IGST Act, 2017**, the place of supply of services provided in relation to training and performance appraisal to a registered person, shall be the location of such person.

Therefore, the place of supply of services supplied by Mindsharp Associates to the registered recipient - Dobriyal Technocrats Ltd. by way of providing motivational training to its top management is the location of Dobriyal Technocrats Ltd., i.e. **Gurgaon, Haryana**.

- (ii) 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 official/business function including services provided in relation to such function at such property, shall be the location at which the immovable property is located.

Therefore, the place of supply of services supplied by Hotel Chumchum to Mindsharp Associates by way of accommodation of conference hall alongwith the rooms of Hotel Chumchum for the training programme shall be the location of the Hotel Chumchum, i.e. **Neemrana, Rajasthan**

QUESTION NO. 13:

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.?

ANSWER:

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, ITC availed by Abhi Ltd not reversed ITC 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 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.

QUESTION NO. 14:

Mr. Allan, a non-resident person, wishes to provide taxable supply of goods in India w.e.f 1.7.2024. He has no fixed place of business or residence in India. He imports goods worth ₹20,00,000 (Basic customs duty @ 10%, Social welfare surcharge @10% and IGST @18%). His expected outward supplies in India is ₹40,00,000 (Excl. GST @ 12%) and Inward supplies in India is ₹25,00,000 (Excl. GST @ 18%). He seeks your advice on the following aspects, relating to CGST Act, 2017:

- I. When shall he apply for registration?
- II. Is PAN mandatory for his registration?
- III. What is the period of validity of RC granted to him? Will he be able to extend the validity of his registration? If yes, what will be the period of extension?
- IV. Can he avail ITC on his inward supplies? How much is the ITC available in the given case?
- V. Compute the advance tax payable by him at the time of making application for registration?

ANSWER:

- I. As per Sec. 25 of CGST Act, 2017, a non-resident taxable person shall make application for registration at least 5 days before commencement of business. In the present case, Mr. Allan shall make application by 25/06/2024 as commencement of business is on 01/07/2024.
- II. As per Sec. 25 of the CGST Act, PAN is mandatory for registration. However, in the case of NTRP, registration is granted based on passport (or) any identification number in case of person other than individual. However, such an application should be signed by an authorized signatory having a Valid PAN.
- III. The period of validity of registration granted to NTRP is 90 days (or) no of days specified in the application, whichever is lower. It can be extended for a further period not exceeding 90 days.
- IV. NTRP cannot avail ITC on inward supplies as per Sec. 17(5) of CGST Act, except w.r.to IGST paid on import of goods. In the present case, Mr. Allan can avail ITC of IGST as follows:
 Assessable value of import = ₹ 20,00,000
 Basic customs duty @ 10% = ₹ 2,00,000
 Social welfare surcharge @ 10% of BCD = ₹ 20,000
 IGST @ 18% of (AV + BCD + SWS) = ₹ 3,99,600
 i.e., ₹ 22,20,000 × 18%

- V. As per Sec. 27 of CGST Act advance tax payable by NRTP is estimated net tax liability as follows:

Estimated gross payable (40,00,000 × 12%)	= 4,80,000
(-) IGST on import (Other inward supplies, ITC not available)	= (3,99,600)
Estimated net GST payable	₹ 80,400

QUESTION NO. 15:

Discuss whether E-invoice or dynamic QR Code in Invoice is applicable in the following cases:

- I. A Government Department is registered under GST. It's aggregate turnover in the preceding financial year is ₹ 22 crore. They are making outward supplies to registered as well as unregistered persons.
- II. Dream World Pvt. Ltd is registered under GST in the state of Haryana. During the preceding financial year its annual aggregate turnover was ₹ 12 Crore. In the month of April 2023, it supplies goods worth ₹ 12 lakh to Nightmare Ltd (a registered person in SEZ).
- III. Bali Limited is registered under GST in M.H and is situated in SEZ having an aggregate turnover of ₹600 Crores during previous year. They made supplies to Adarsh P. Ltd. An unregistered person.
- IV. Harnam & Co., dealing in interior decoration products made supplies to various persons located outside India. The aggregate turnover of Harnam & Co. in the preceding financial year is ₹ 650 crore.

ANSWER:

	E-invoice for B2B Supplies	Dynamic QR Code in invoice B2B Supplies
I. Supply by Govt department	Not required as Govt. Department (or) local authority is covered under exclusion list for E-Invoice	Even though there is no exemption to Govt. department but dynamic QR Code is not applicable as their aggregate turnover during PY \leq ₹ 500 Cr
II. Supply by Dream world pvt ltd. to Nightmare Ltd. (SEZ Ltd)	E-Invoice applicable as ATO during PY $>$ ₹ 5 Cr & not covered under exceptions	Dynamic QR Code is not applicable in case of B2B Supplies
III. Supply by Bali Ltd to Adarsh Pvt Ltd	E-Invoice not applicable in case of B2C supplies	Supply by SEZ not covered under exceptions & aggregate turnover during PY $>$ ₹ 500 Cr. Therefore, dynamic QR Code is applicable
IV. Supply by Harnam & Co to persons outside India (Export)	E-Invoice always applicable in case of exports of goods (or) services	Dynamic QR Code not applicable if recipient is located outside India

QUESTION NO. 16:

Happy Ltd. located at Alwar (Rajasthan), exclusively, manufactures and sells the product "Shine & Shine", which is exempt from GST. Happy Ltd. sells "Shine & Shine" only within Rajasthan. The turnover of Happy Ltd. in the previous year was ₹ 60 lakhs. Happy Ltd. purchased additional machinery (Capital Goods) for manufacturing "Shine & Shine" on 1st April, 2021. The invoice for supply of machinery also was issued on 1st April, 2021. The purchase price of the machinery was ₹ 25 lakh exclusive of CGST and SGST @ 12% (6% + 6%). On 1st December, 2021 exemption available on the product "Shine & Shine" was withdrawn by the Central Government and CGST and SGST @ 18% (9% + 9%) was imposed thereon. The turnover of Happy Ltd. on 30th September, 2021 was ₹ 45 lakh.

Examine the issue and provide the answers (with supporting explanatory note for each answer) to the following:

- a) Does Happy Ltd. have to register under CGST Act, 2017?
- b) Can Happy Ltd. take Credit of tax paid on the machinery purchased? If yes, what is the amount of Input Tax Credit (ITC) that can be availed?

ANSWER:

- I. As per Section 22 of the CGST Act, 2017 a supplier is liable to be registered under GST in the state or UT, from where he makes a taxable supply of goods or service or both if his aggregate turnover in a Financial Year exceeds ₹ 20 lakh in such state/UT (₹ 10 lakh in a special category states). The term 'aggregate turnover' includes exempt turnover also. It shall also be noted that if the manufacturer is exclusively engaged in supply of goods, the limit shall be ₹ 40 lakhs subject to some exceptions, w.e.f. 01.04.2021. However, a person exclusively engaged in making exempt supplies is not liable to registration in terms of Section 23(1) of CGST Act, 2017. In view of combined reading of above provisions, although the 'aggregate turnover' of Happy Ltd. exceeds the applicable threshold limit of ₹ 20 lakh on 30.09.2021 [₹ 45 lakh], it was not required to be registered till 30.11.2021 as it supplied only exempted goods till that day. Therefore, Happy Ltd. needs to register within 30 days from 01.12.2021 (the date on which its supplies became taxable) as its turnover had already exceeded the threshold limit of ₹ 40 lakh on 01.12.2021.
- II. As per Section 17 of the CGST Act, the input tax credit (ITC) on capital goods used or intended to be used exclusively for effecting exempt supplies is disallowed. However, where an exempted supply by a registered person becomes a taxable supply, such person gets entitled to take proportionate ITC on such capital goods in terms of Section 18(1)(d) of CGST Act, 2017. Thus, a non-registered person cannot take ITC on capital goods under this provision.

Further, a person who has applied for registration within 30 days from the date on which he becomes liable to registration and has been granted such registration is also not entitled to take ITC on capital goods held with him on the day immediately preceding the date from which he becomes liable to pay tax in terms of Section 18(1)(a) of CGST Act, 2017. In the given case, Happy Ltd. is not registered at the time when its exempted supply becomes taxable. Thus, the company cannot take proportionate ITC on capital goods as mentioned above. Further the company will also not be entitled for credit on capital goods held with it when it applies for registration in the prescribed manner.

QUESTION NO. 17:

Suraj Ltd. a manufacturing concern of Rajasthan having aggregate turnover of ₹100 lakhs in Financial Year 2019-20 has opted for composition scheme furnishes you with the following information for Financial Year 2020 -21. It requires you to determine its composition tax liability and total tax liability.

The details as to turnover of FY 2020-21 is as follows:

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

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

ANSWER:

Eligibility of Suraj Ltd. (manufacturer cum supplier of service) for Composition Scheme:

A supplier of goods will be eligible for composition scheme, if the value of services supplied by him does not exceed higher of 10% of the turnover in the preceding Financial Year in a State (in given case, 10% of 100 Lakhs); or ₹ 5 lakh.

Thus, Suraj Ltd. can supply services to the extent of 10% of ₹100 lakhs i.e. ₹10 lakhs.

Besides, as per Explanation to Sec. 10(1), interest income (service of extending loans for interest) shall not be taken into account while determining the above permissible limits of services which can be supplied.

Considering above provisions, Suraj Ltd. can provide services (excluding interest income) upto ₹10 lakhs while maintaining his eligibility for composition scheme. Since the value of services provided excluding interest earned on deposits is ₹6,00,000 which is within the limit of ₹10 lakhs, hence Suraj Ltd. is eligible for composition scheme.

Composition tax liability (considering composition tax rates as notified u/Rule 7 of CGST Rules, 2017):

Particulars of Supplies forming part of ATO of the year 2020-21	Manufacturer	Trader
(1) Intra State Supplies of Goods X chargeable @5% GST	30,00,000	30,00,000
(2) Intra State Supplies of goods which are chargeable to GST at Nil rate	18,00,000	—
(3) Intra-State supplies of goods Y chargeable @18% GST	30,00,000	30,00,000
(4) Intra state supply of services chargeable with 5% GST	6,00,000	6,00,000
(5) Interest earned on fixed deposits (exempt service) [WN-1]	—	—
(6) Value of inward supplies of services on which tax payable under RCM (GST Rate 5%)[WN-2]	—	—
Aggregate turnover (ATO) liable to composition tax	84,00,000	66,00,000
Rate of composite tax	1%	1%
Total Composite tax [A]	84,000	66,000

Working Note:

1. Interest earned on fixed deposits is exempt from tax vide Entry 27 of Notification No. 12/2017-CT (Rate). The same shall not be taken into account for calculating tax liability **under composition scheme**.

2. Inward supplies of goods/ services on which tax payable under RCM (GST Rate 5%) does not form part of ATO and hence, **not to be included for determination of composition tax liability**.

Additional, RCM liability:

Particulars of Supplies	Manufacturer	Trader
Value of inward supplies on which tax payable under RCM	5,00,000	5,00,000
Rate of GST	5%	5%
Tax Payable under RCM [B]	<u>25,000</u>	<u>25,000</u>

Total Tax liability:

Particulars of Supplies	Manufacturer	Trader
Tax Payable under FCM [B]	84,000	66,000
Tax Payable under RCM [B]	25,000	25,000
Total tax liability [A+B]	<u>1,09,000</u>	<u>91,000</u>

QUESTION NO. 18:

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.

ANSWER:

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

QUESTION NO. 19:

X is engaged in intra-state supply of goods and services in Chennai. His turnover for the financial years 2022-23 and 2023-24 is given below- (₹ in Lakhs)

	Financial year 2022- 23			Financial year 2023 - 2024		
	Taxable	Exempt	Total	Taxable	Exempt	Total
Supply of goods (stationary items/books)	10	5	15	11	6	17
Supply of services by way of extending deposits, loans or advances where consideration is represented by way of interest or discount	-	42	42	-	44	44
Supply of other services (not being restaurant services)	22	8	30	20	10	30
Total	32	55	87	31	60	91

Up to March 31, 2023, X is a registered person who has not opted for Composition Scheme under section 10. He wants to opt for Composition Scheme with effect from April 1, 2023. Is it possible? If yes, find out the tax liability of X for the financial year 2023-24 under Composition Scheme. X is not engaged in making inter-State supply. He does not supply through e-commerce operator.

ANSWER:

Taxpayer is not engaged in making inter-State supply. He does not supply through e-commerce operator. From the information given in the problem it appears that the taxpayer is not a casual taxable person/ non-resident taxable person.

Apart from satisfying these conditions, a taxpayer can opt for Alternative Composition Scheme, if he satisfies the following criteria -

Criteria 1 - The aggregate turnover of the preceding financial year does not exceed ₹ 50 lakh. Aggregate turnover, for this purpose, includes all taxable and exempt supplies but does not include the value of exempt supply by way of extending loan/ advance/ deposit (if consideration is payable by way of interest or discount).

Criteria 2 - The taxpayer is not eligible for normal Composition Scheme under section 10(1) (as he is engaged in supply of services or quantum of supply of services is more than 10% of total turnover or ₹ 5 lakh, whichever is higher).

To find out whether X satisfies these criteria, one has to redraft the table given in the problem (after ignoring interest on deposit/loan/ advance, which is not included in turnover for this purpose). After excluding interest on deposits, the data given in the above table will be as follows -

(₹ in Lakhs)

	Financial year 2022- 23			Financial year 2023 - 2024		
	Taxable	Exempt	Total	Taxable	Exempt	Total
Supply of goods (stationary items/books)	10	5	15	11	6	17
Supply of other services	22	8	30	20	10	30
Total	32	13	45	31	16	47

On April 1, 2023, X wants to opt for alternative Composition Scheme. His turnover for the preceding financial year 2022-2023 does not exceeds ₹ 50 lakhs. He satisfies Criteria 1. Moreover, turnover of supply of services of the preceding year is ₹ 30 lakh out of the total turnover of ₹ 45 Lakh. Turnover of supply of service is more than 10% of total turnover. Consequently, he satisfies Criteria 2 [i.e., he is not eligible for normal composition scheme under section 10(1)].

X can opt for alternative Composition Scheme with effect from April 1, 2023. His tax liability for the financial year 2023-2024 will be as follows -

	₹
Turnover of the financial year 2023-24	47,00,000
CGST (3% of ₹ 47,00,000)	1,41,000
SGST (3% of ₹ 47,00,000)	1,41,000
GST	2,82,000

Note: X is required to pay GST of Rs. 2,82,000 out of his pocket. He cannot collect any GST from the recipients of supply made by him.

QUESTION NO. 20:

Answer the following questions?

1. What is blocking of E-waybill (EWB) generation facility and in which situations it will be blocked?
2. Whether recipient can generate E Way Bill of blocked GSTINs, indicating them as supplier and vice versa?
3. Can transporter/ an e-commerce operator/ a courier agency generate e-way bill in respect of Blocked GSTIN, either as supplier or as recipient?
4. Can E-Way bill be generated for inward supplies of blocked GSTIN?
5. Can the blocked GSTIN transport exempted Goods?

ANSWER:

1. As per Rule 138E of CGST/SGST Rules, 2017. Blocking of e-waybill generation facility means disabling taxpayer from generating E Way Bill in following cases
 - 1) In case of composition taxable person u/s 10(1) or person paying concessional tax @ 6% under Sec 10(2A) has not furnished the [statement in FORM GST CMP-08] for 2 consecutive [quarters]
 - 2) Further for normal taxable person e-waybill generation facility blocked if
 - I. He has not furnished 2 or more consecutive GSTR 3B Return on GST Portal
 - II. he has not furnished the statement of outward supplies (GSTR-1) for any 2 months or quarters, as the case may be.
 - III. Suspension of registration
 The GSTINs of such blocked taxpayers cannot be used to generate the e-way bills w.r.to outward supplies. However, E-way bill can be generated in respect of inward supplies of said registered person.
2. No, if a Taxpayer GSTIN is blocked for E Way Bill Generation facility, that GSTIN cannot be entered in E Way Bill as supplier. Thus, recipient of such blocked GSTINs cannot generate E Way Bill indicating such blocked GSTIN as supplier. However E Way bill can be generated by indicating such blocked GSTIN as recipient (i.e., inward supplies of said registered person)
3. No, the transporter / **an e-commerce operator/ a courier agency** cannot generate the e-way bills in respect of such blocked taxpayer's GSTINs, as supplier.
4. E Way bill can be generated w.r.to inward supplies of such blocked GSTIN as the restriction is w.r.to outward supplies of such blocked GSTIN.
5. However, when exempted goods are transported, E way bill is not required to be generated. Therefore, the blocked GSTIN can transport Exempted goods under the cover of bill of supply.

QUESTION NO. 21:

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?

ANSWER:

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:

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

QUESTION NO. 22:

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

Answer:

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)

QUESTION NO. 23:

Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 20XX as under:

S.No.	Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October, 20XX (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
(ii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000
(iii)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000
(iv)	Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh)	12,39,000	12,39,000
(v)	Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ₹9,72,000, contract value for supply of books (exempt from GST) is ₹7,00,000 and for supply of printed post cards (taxable under GST) is ₹2,72,000.]	9,72,000	50,000 for books & 20,000 for printed post cards
(vi)	Maintenance of street lights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.] *an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution	3,50,000	3,50,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

ANSWER:

As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and Notification

No. 50/2018 CT 13.09.2018, with effect from 01.10.2018,

Following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)]

or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹2,50,000:

- a department or establishment of the Central Government or State Government; or
- local authority; or
- Governmental agencies; or
- an authority or a board or any other body, -
 - set up by an Act of Parliament or a State Legislature; or
 - established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
- Public sector undertakings. Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice. Since in the given case, Manihaar Enterprises is supplying goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

S. No.	Particulars	Total contract value (₹)	Payment due (₹)	Tax to be deducted		
				CGST (₹)	SGST (₹)	IGST (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata (Note-1)	2,60,000	15,000	--		
(ii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand (Note-2)	5,90,000	25,000			500
(iii)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860 (Note-3)	6,49,000	50,000	500	500	
(iv)	Interior decoration of Andhra Bhawan located in Delhi (Note-4)	12,39,000	12,39,000	--		
(v)	Supply of printed books and printed post cards to a West Delhi Post Office (Note-5)	9,72,000		--		
(vi)	Maintenance of street lights in Municipal area of East Delhi (Note-6)	3,50,000	3,50,000	--		

Notes:

- Being an **inter-State supply of goods**, supply of stationery to Fisheries Department, Kolkata is subject to **IGST @ 18%**. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:

$$= ₹2,60,000 \times 100 / 118$$

$$= ₹2,20,339 \text{ (rounded off)}$$

Since the total value of supply under the contract does not exceed ₹2,50,000, tax is not required to be deducted.

2. Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:

$$= ₹ 5,90,000 \times 100 / 118$$

$$= ₹ 5,00,000$$

Since the total value of supply under the contract exceeds ₹ 2,50,000, PSU in Uttarakhand is required to deduct tax @ 2% of ₹ 25,000, i.e. ₹ 500.

3. Being an intra-State supply of goods, supply of taxable goods to National Housing Bank, Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ₹ 6,49,000 \times 100 / 118$$

$$= ₹ 5,50,000$$

Since the total value of supply under the contract exceeds ₹ 2,50,000, National Housing Bank, Delhi is required to deduct tax @ 2% (1% CGST + 1% SGST) of ₹ 50,000, i.e. ₹ 1,000.

4. Proviso to section 51(1) of the CGST Act, 2017 stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Section 12(3) of the IGST Act, 2017, inter alia, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.

Since the location of the supplier (Manihar Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.

5. If the contract is made for both taxable supply and exempted supply, tax shall be deducted if the total value of taxable supply in the contract exceeds ₹ 2,50,000. Being an **intra-State supply of goods**, supply of printed post cards to a West Delhi Post Office is subject to **CGST and SGST @ 9%** each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ₹ 2,72,000 \times 100 / 118$$

$$= ₹ 2,30,509 \text{ (rounded off)}$$

Since the total value of taxable supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.

6. Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to, inter alia, local authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution is exempt from GST.

Thus, maintenance of street lights (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares where the value of supply of goods is not more than 25% of the value of composite supply is a service exempt from GST. Since tax is liable to be deducted from the payment made or credited to the supplier of taxable goods or services or both, no tax is required to be deducted in the given case as the **supply is exempt**.

Note: w.e.f 01.01.2022, above exemption not available if services are provided to Government authority (or) Government entity. Exemption available only if services are provided to Government including local authority.

QUESTION NO. 24:

Mr. Bhaskar wrongly availed ₹ 1,25,000 Input Tax credit (CGST + SGST) at the time of furnishing return under section 39 of the CGST Act, 2017 for the month of October 2022. This ITC is not utilized against the output liability for the month of October, 2022. Mr. Bhaskar utilised of ₹ 75,000 from the above wrongly availed ITC of ₹ 1,25,000 against output liability for the month of November, 2022. Mr. Bhaskar paid the amount of ITC wrongly utilised ₹ 75,000 on 10th March, 2023 and reversed the unutilized amount of ITC wrongly utilized ₹ 75,000 on 10th March and reversed the unutilized amount ₹ 50,000 on 20th March 2023. Calculate the total interest payable (CGST + SGST) rounded off to nearest one ₹ under GST law if, Mr. Bhaskar files:

- Form GSTR-3B for the month of October on 18th November, 2022.
- Form GSTR-3B for the month of November on 25th December, 2022.

Note: Assume there is no extension of due date of filing of Form GSTR-3B and no other transactions during the year 2022-23.

ANSWER:

In the given case, Mr. Bhasker is registered person liable to file monthly return (by 20th) and liable to make monthly payment of tax liability. It has wrongly availed ITC (CGST+SGST) of ₹ 1,25,000/- in Oct, 2022 month, out of this ITC, 75,000 was utilized in November, 2022 (return of which was filed belatedly on 25th Dec, 2022). This component of ITC was paid back on 10th March, 2023. The balance component of wrongly availed ITC was paid back on 20th March, 2023 without utilizing the same.

In the given case, applicable interest liability shall be computed in terms of Sec 50(3) of the CGST Act which provides for charging of interest inly on 'ITC wrongly availed and utilized'. Thus, interest shall be chargeable only on component of ₹ 75,000 and not of ₹ 50,000. The applicable rate of interest shall be 18% p.a. The computation of interest shall be as stated below:

		Period for which interest shall be payable	
(i)	<p>ITC wrongly availed in Oct 2022 Month GSTR-3B</p> <p>₹ 75,000 of ITC wrongly availed in OCT, 2022 Month's return (filed on 18th Nov, 2022) and utilised in Nov, 2022 month return (filed on 25th Dec, 2022 – beyond due date)</p> <p>And paid back on 10th March, 2023 (after utilizing such ITC)</p>	(Starting from date of utilization of wrongly availed ITC)	<u>i.e, 21st Dec</u> (DoU = 20 th Dec being earlier of due date of return or actual date of return filing)
		Till the date of reversal of such credit or payment of tax in respect of such amount)	10 th March
	Interest payable shall be = 75,000 * 18% p.a. * 11 Days (Dec) + 31 days (Jan) + 28 days (Feb) +10 Days (March)/365 days = 2,959		
(ii)	₹ 50,000 of ITC wrongly availed in Oct, 2022 Month's	<u>No interest payable</u>	

	return (filed on 18 th Nov, 2022) and paid back on 20 th march, 2023 (without utilising such ITC)	No interest payable is as ₹ 50,000 wrongly availed ITC has been paid back without utilization
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QUESTION NO. 25:

Examine the taxability of supplies in the following independent cases in terms of the relevant provisions of the CGST Act, 2017. Brief reason should form part of your answer:

- Mr. Satya, a physiotherapist (registered with recognised paramedics authority), provided services to Mr. Dayal for restoring mobility after his spine surgery and charged ₹ 10,000 per month. Service comprises of regular home visit for physiotherapy session of 1 hour.
- M/s Paushtik Aahaar provided services to Shishu Raksha, an anganwadi by way of serving of food (including mid-day meals) for ₹ 6,000 per month. Shishu Raksha served food to students in anganwadi under Mid-Day Meals scheme sponsored through donations from corporates.
- Fees charged by Passport Seva Kendra to Dada Exports Limited for the issuance of passport to its employees to visit foreign countries for export business.

ANSWER:

- Health care services by a clinical establishment, an authorised medical practitioner or paramedics are exempt from GST. Further, Paramedics are trained health care professionals, for example, nursing staff, physiotherapists, technicians, lab assistants etc.
Services by them in a clinical establishment would be in the capacity of employee and not provided in independent capacity and will thus be considered as services by such clinical establishment. Similar services in independent capacity are also exempted.
Thus, services provided by Mr. Satya to Mr. Dayal is exempt from GST.
- An anganwadi, inter alia, provides pre-school non-formal education. Hence, anganwadi is covered by the definition of educational institution (as pre-school). Any catering service provided to an educational institution (pre-school and schools) is exempt from GST and it includes mid-day meal service also. It is further clarified that 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. Hence, serving of food to Shishu Raksha, an anganwadi shall be exempt from GST even though sponsored through donation from corporates.
- Services provided by the Central Government by way of issuance of passport are exempt from GST. Thus, fees charged by Passport Seva Kendra to Dada Exports Limited for the issuance of passport to its employees to visit foreign countries for export business is exempt from GST.

QUESTION NO. 26:

Determine the taxability or otherwise of the following services provided by Indian Railways:

S. No.	Particulars	Amount
(i)	Cloak room services provided to passengers	20,00,000
(ii)	Service of transportation of passengers in second class	20,00,000
(iii)	Platform tickets sold to passengers	50,00,000
(iv)	Renting of warehouse located in Bengaluru railway station to Paras Traders, registered in Chennai	1,50,000
(v)	Service of transportation of passengers in air-conditioned coaches	10,00,000
(vi)	Service of transportation of organic manure	2,00,000

ANSWER:

S.No.	Particulars
(i)	Cloak room services provided to passengers [Exempt since services provided by Ministry of Railways (Indian Railways) to individuals by way of cloak room services are exempt.]
(ii)	Service of transportation of passengers in second class [Exempt since service of transportation of passengers by railways in a class other than first class or an air-conditioned coach is exempt.]
(iii)	Platform tickets sold to passengers [Exempt since services provided by Ministry of Railways (Indian Railways) to individuals by way of sale of platform tickets are exempt.]
(iv)	Renting of warehouse located in Bengaluru railway station to Paras Traders, registered in Chennai [Taxable since services supplied by the Ministry of Railways (Indian Railways) by way of renting of immovable property to a person registered under GST law are not exempt. Further, tax on said services is payable by the Railways under forward charge.]
(v)	Service of transportation of passengers in air-conditioned coaches [Service of transportation of passengers by railways in a class other than first class or an air-conditioned coach is exempt. Thus, service of transportation of passengers in air-conditioned coaches is taxable.]
(vi)	Service of transportation of organic manure [Exempt since service of transportation of organic manure by rail is exempt.]

QUESTION NO. 27:

Mr. Divas, a registered person in Agra, Uttar Pradesh purchased a car for ₹ 12,50,000 on 15th October. On 31st October, the car met with an accident resulting in minor damage.

Due to urgency, he got his car repaired in the local garage of a nearby market instead of garage authorized by his general insurance company,

i.e. Suraksha Insurance Company, through which his car was insured. The total cost of repairs was ₹ 54,000 (excluding GST @ 18%). On the instructions of Mr. Divas, the invoice for the entire amount was raised by garage in the name of Suraksha Insurance Company. The insurance company approved the claim amount of only ₹ 40,000 after the survey and reimbursed the same amount alongwith GST @ 18% to Mr. Divas. In light of the above facts, you are required to answer the following questions:

- I. Whether Suraksha Insurance Company is eligible to avail ITC on the basis of the invoice raised by garage? If yes, what would the amount of eligible input tax credit?
- II. Would your answer be different, if garage had issued two different invoices, one for ₹ 40,000 + GST @ 18% to Suraksha Insurance Company and another for ₹ 14,000 + GST @ 18% to Mr. Divas?
- III. In case, the garage issued the invoice in the name of Mr. Divas, would Suraksha Insurance Company be eligible to avail ITC?

ANSWER:

- I. Section 17(5) provides that ITC in respect of services of repair of motor vehicles shall be available where received by a taxable person engaged in the supply of general insurance services in respect of motor vehicles insured by him. Further, section 2(93) defines recipient of supply of goods or services or both, as the person who is liable to pay the consideration,

where such consideration is payable for the said supply of goods or services or both. As per section 2(31), consideration includes any payment made or to be made in relation to supply of the goods or services or both, whether by the recipient or by any other person.

CBIC vide Circular No. 217/11/2024 GST dated 26.06.2024 has clarified that in reimbursement mode of claim settlement, the payment is made by the insurance company for the approved cost of repair services through reimbursement to the insured.

Further, irrespective of the fact that the payment of the repair services to the garage is first made by the insured, which is then reimbursed by the insurance company to the insured to the extent of the approved claim cost, the liability to pay for the repair service for the approved claim cost lies with the insurance company, and thus, the insurance company is covered in the definition of recipient in respect of the said supply of services of vehicle repair provided by the garage, in terms of section 2(93), to the extent of approved repair liability.

Moreover, availment of credit in respect of input tax paid on motor vehicle repair services received by the insurance company for outward supply of insurance services for such motor vehicles is not blocked under section 17(5).

Accordingly, it is clarified that ITC is available to insurance companies in respect of motor vehicle repair expenses incurred by them in case of reimbursement mode of claim settlement. It is further clarified that if the invoice for full amount for repair services is issued to the insurance company while the insurance company makes reimbursement to the insured only for the approved claim cost, then the ITC may be available to the insurance company only to the extent of reimbursement of the approved claim cost to the insured, and not on the full invoice value.

In the given case, although the invoice for the full amount of repair services (₹ 54,000 +GST) is raised in the name of Suraksha Insurance Company, it is liable to pay the repair service to the extent of the approved claim cost (₹ 40,000 +GST). Thus, it is covered in the definition of 'recipient' under section 2(93), to the extent of approved claim cost.

Hence, it is eligible to avail the ITC to the extent of the GST paid on the amount of ₹ 40,000 (approved claim cost). Thus, ITC of ₹ 7,200 ($₹ 40,000 \times 18\%$) is available to Suraksha Insurance Company.

- II. The circular further clarifies that in cases where the garage issues two separate invoices in respect of the repair services, one to the insurance company in respect of approved claim cost and second to the customer for the amount of repair service in excess of the approved claim cost, ITC may be available to the insurance company on the said invoice issued to the insurance company subject to reimbursement of said amount by insurance company to the customer.

Thus, in the given case, if the garage has issued two different invoices, the answer would remain the same because the approved claim of service cost which was reimbursed by Suraksha Insurance Company to Mr. Diwas was ₹40,000 only. Thus, ITC of ₹ 7,200 ($₹ 40,000 \times 18\%$) is available to Suraksha Insurance Company.

- III. The circular also clarifies that where the invoice for the repair of the vehicle is not in name of the insurance company, condition of clauses (a) and (aa) of section 16(2) is not satisfied and accordingly, ITC will not be available to the insurance company in respect of such an invoice. Thus, in the given case, if the invoice has been raised in the name of Mr. Diwas, then Suraksha Insurance Company would not be eligible to avail the ITC.

QUESTION NO. 28:

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

- I. Sale of goods worth ₹ 1,47,500/- (including GST) by A Ltd., registered supplier of Rajasthan to B Ltd., Gujarat. Also, goods worth taxable value of ₹ 1,40,000 sold by A Ltd., Rajasthan to B Ltd., Gujarat in the month of September were returned back in the month of October.
- II. Value of services provided from 21st October to 30th October by way of transportation of passengers by motor vehicles by X Ltd., registered under GST in Karnataka to Z Ltd., registered under GST in Karnataka amounting to ₹ 5,50,000/- (it includes ₹ 1,50,000 against transportation services provided by omnibus).
- III. Miss Zara of Mumbai books a room for 3 days and 2 nights in Raj Niwas Palace, Jodhpur, Rajasthan through Maharaja Resorts Ltd. (MRL), also an ECO registered under GST in Karnataka. MRL is integrated with ROL who has an agreement with Raj Niwas Palace. Raj Niwas Palace is registered under GST in Rajasthan and raises an invoice for ₹ 1,50,000 to Miss Zara and receives ₹ 1,45,000 from ROL for the same.

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

ANSWER:

- (i) ROL is liable to collect tax at source under section 52 of the CGST Act, 2017 @ 0.5% under IGST of the net value of inter- State taxable supplies of goods (Value of taxable supplies made less value of supplies returned) made through it by the electronic commerce operator (ECO) - A Ltd. Net value of taxable supplies = ₹ 1,25,000 (₹ 1,47,500 × 100/118) – ₹ 1,40,000 = Nil / (Negative Value)
Thus, TCS to be collected is Nil.
- (ii) ROL is liable to collect TCS, since the tax on services, by way of transportation of passengers by an omnibus provided by a company through ECO, is not payable by ECO, under section 9(5) of the CGST Act, 2017.
= ₹ 1,50,000 × 0.25% = ₹ 375 each under CGST and SGST
ROL is not required to collect TCS on transportation of passenger services by other motor vehicles supplied through it worth ₹ 4,00,000 as tax on the same is payable by ROL itself under section 9(5) of the CGST Act, 2017.
- (iii) ROL, being supplier side ECO is liable to collect TCS @ 0.25% under CGST and 0.25% under SGST of the net value of intra- State taxable supplies of accommodation services made through it by Raj Niwas Palace.
= ₹ 1,50,000 × 0.25%
= ₹ 375 each under CGST and SGST

QUESTION NO. 29:

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.

ANSWER:

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.

Question No. 30:

Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

S. No.	Particulars	Amount (₹)
(i)	Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments	1,40,000
(ii)	Outdoor catering services availed for a marketing event organised for his prospective customers	50,000
(iii)	Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognised qualification	1,00,000
(iv)	Legal services availed for official purpose from an advocate located in Gujarat	1,75,000
(v)	Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area	2,00,000
(vi)	Recovery agent's services provided to a car dealer	15,000
(vii)	General insurance taken on a car (seating capacity 5) used for official purposes	40,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
 - (ii) All inward and outward supplies are exclusive of taxes, wherever applicable.
 - (iii) All the conditions necessary for availing the ITC have been fulfilled.
 - (iv) All the transactions mentioned above are Intra-State unless information for determination of place of supply is given.
 - (v) The turnover of Mr. Prithviraj was ₹ 2.5 crore in the previous financial year.
- Compute the net GST payable in cash, by Mr. Prithviraj for the month of February.

ANSWER:

I. Computation of GST payable on outward supplies under FCM:

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Carnatic music performance given to promote a brand of readymade garments [Carnatic music performance by Mr. Prithviraj is not exempt from GST even though the consideration charged does not exceed ₹ 1,50,000 since said performance has been made by him as a brand ambassador.]	1,40,000	12,600	12,600	Nil
Services of transportation of students provided to Subhaskar College [Services of transportation of students provided to an educational institution other than an institution providing pre- school education or education up to higher secondary school, are not exempt.]	1,00,000	9,000	9,000	Nil
Services provided to Wealth Bank as a business correspondent [Services provided by a business correspondent to a banking company are not exempt when such services are provided with respect to accounts in its urban area branch.]	2,00,000	18,000	18,000	Nil
Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/ financial institution/ non-banking financial company.]	15,000	1,350	1,350	Nil
Total GST payable under forward charge		40,950	40,950	Nil

II. Computation of GST payable on inward supplies under RCM:

Particulars	Value	CGST	SGST	IGST
Legal services availed from an advocate [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for registration (₹ 20 lakh) are not exempt and tax on the same is payable under reverse charge. Further, since place of supply is Maharashtra, being the location of registered person, thus same is an Inter- State supply.]	1,75,000	Nil	Nil	31,500

III. Computation of ITC available:

Particulars	Value	CGST	SGST	IGST
Outdoor catering services availed [ITC on outdoor catering services is blocked except when such services are (i) used by the taxpayer who is in the same line of business or (ii) provided by the employer to its employees under a statutory obligation.]	50,000	Nil	Nil	Nil
Legal services availed [ITC is available as said services are used in course or furtherance of business.]	1,75,000	Nil	Nil	31,500
General insurance taken on a car (seating capacity 5) used for official purposes [ITC on motor vehicles for transportation of persons with seating capacity \leq 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.]	40,000	Nil	Nil	Nil
Total ITC available		Nil	Nil	31,500

IV. Computation of net GST payable:

Particulars	CGST	SGST	IGST
Gross GST payable under FCM	40,950	40,950	-
Less: ITC of IGST utilised	(15,750)	(15,750)	-
Add: GST payable under RCM	-	-	31,500
Net GST payable	25,200	25,200	31,500

QUESTION NO. 31:

Determine the place of supply in respect of following independent cases. Brief reason should form part of your answer.

(i) Mr. U from Mount Abu, Rajasthan (an unregistered person) ordered one laptop, as a gift for his father, from e-commerce site 'Zilu' (registered in Mumbai, Maharashtra) to be delivered at his parent house located at Ahmedabad, Gujarat. Mount Abu, Rajasthan was mentioned as permanent address of Mr. U at e-commerce site 'Zilu'.

(ii) Mr. Oman, a tourist from Australia visited India in the month of September. He got repaired his camera during his visit to Udaipur, Rajasthan by Mr. R who also visited Udaipur at the same time. Mr. R is registered at New Delhi. Mr. Oman provided address of his friend who resides at Mumbai Maharashtra to be mentioned in the bill issued by Mr. R for repairing of camera.

ANSWER:

- I. The place of supply in case of goods (particularly being supplied through e-commerce platform) to unregistered persons where billing address is different from the address of delivery of goods shall be address of delivery of goods recorded on the invoice.
In the given case, billing address of Mr. U in the online platform of Zilu is at Mount Abu, Rajasthan but for delivery of laptop he had given different delivery address as Ahmedabad, Gujarat. So, place of supply will be address of delivery of goods recorded on the invoice i.e. Ahmedabad, Gujarat.
- II. The place of supply of services, except the specified services, made to any person other than a registered person shall be the location of the recipient where the address on record exists. Thus, the place of supply of repair services made to Mr. Oman is Mumbai, Maharashtra.

QUESTION NO. 32:

Mr. Bose took a health insurance policy for the coverage amount of ₹ 5,00,000 upon making payment of premium of ₹ 10,000 annually (exclusive of GST) from Swasthya Bima Insurance Co. on 01.10.2024. Mr Bose had no claim during 2024-25. On 01.10.2025 Swasthya Bima Insurance Co. offered a discount of 5% on the renewal premium amount to Mr Bose for having claim free year 2024-25 because the company has a policy of offering a discount of 5% on the renewal premium amount for every claim free year in form of no claim bonus. The Swasthya Bima Insurance Co. make the disclosure of the fact of availability of discount in form of NCB, subject to certain conditions, to Mr. Bose in the insurance policy document itself. Also, there is specific mention of the discount in form of no claim bonus in the invoice issued by Swasthya Bima Insurance Co. to Mr. Bose.

As per Mr Bose's accountant, he has to pay GST on whole renewal premium amount without any deduction as no claim bonus is for agreeing to the obligation to refrain from the act of lodging insurance claim during 2024-25. Is the contention of the Accountant, correct? Reason for the same should form part of your answer.

ANSWER:

The value of supply does not include any discount which is given before or at the time of supply if such discount has been duly recorded in the invoice issued in respect of such supply.

It is, therefore, clarified that no claim bonus (NCB) is a permissible deduction for the purpose of calculation of value of supply of the insurance services provided by the insurance company to the insured subject to the pre-disclosure of NCB amount in the policy documents and specific mention of the discount in form of NCB in the invoice.

No, the contention of the Accountant is not correct in view of the above-mentioned provisions. Since the deduction on account of NCB is provided in the invoice issued by the insurer to the insured, GST shall be leviable on actual insurance premium amount, payable by Mr. Bose to the Swasthya Bima Insurance Co., after deduction of NCB mentioned on the invoice.

QUESTION NO. 33:

Determine whether liability to obtain registration arises or not under GST law in the following independent cases:-

- (i) Mr. G from Delhi is dealing in the purchase and sale of securities in his own account from secondary market. He disclosed the transactions of purchase and sale of securities in Trading Account and treated the same as business income. Turnover from April to September is ₹ 75 lakh. Is he liable for registration?
- (ii) KLJ Foundation from Jaipur, Rajasthan, a charitable trust registered under Section 12AB of the Income Tax Act, 1961 is engaged in the supply of various services by charitable trust. KLJ Foundation receipts for the preceding financial year was ₹ 30 lakh. Whether KLJ Foundation is required to take registration?

ANSWER:

- (i) Any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under CGST Act/IGST Act shall not be liable to registration. Shares is excluded from the definition of goods as well as services under the GST law. Supply of anything other than goods or services like money, securities etc. does not attract GST.
- Thus, in the given case, Mr. G is not liable to obtain registration for sales of shares since shares are neither goods nor services under GST law.
- (ii) A charitable trust registered under section 12AB of the Income Tax Act, 1961 and exclusively engaged in supply of services by way of charitable activities are exempt from GST, so here KLJ Foundation from Jaipur, Rajasthan is not liable for registration as it is exclusively engaged in supplying services exempt from tax.

QUESTION 34:

Mr. Sagar Chaturvedi, registered under GST, is engaged in supplying multiple services (as discussed in the table below) in Mumbai, Maharashtra. He has furnished the following information with respect to the services supplied and received by him, during the month of April:

S.No.	Particulars	Amount (₹)
(i)	Services of transportation of students provided to Sanskar College offering the degree courses recognized by law.	90,000
(ii)	Outward supply of services of milling of paddy into rice	1,80,000
(iii)	Received the services by way of transportation of goods by road from Sindhu Transporters, an unregistered Goods Transport Agency of Nagpur, Maharashtra.	2,00,000
(iv)	Organized a business exhibition in Gujarat for Ramesh Industries, registered in Delhi.	20,00,000
(v)	Provided training at his Mumbai Office to employees of Aashiyana Interiors, a proprietorship concern of Rajasthan, which was not registered under GST.	1,00,000
(vi)	Recovery agent's services provided to a car dealer	30,000
(vii)	Legal services availed for official purpose from an individual advocate located in Gujarat	1,60,000
(viii)	Sponsored his business in a Cricket Match, organized by Mumbai Cricket Association, Maharashtra wherein he paid an amount of ₹ 1,50,000 to the association.	

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of services except the service of transportation of goods by GTA, on which the rates of CGST, SGST and IGST are 2.5%, 2.5% and 5% respectively.
- (ii) All inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.
- (iv) The turnover of Sagar was ₹ 1.8 crore in the previous financial year.
- (v) All the above mentioned supplies are intra-state, wherever the information for determining the place of supply is not provided.

Compute the net GST payable in cash, by Sagar for the month of April.

ANSWER:

I. Computation of GST payable on outward supplies under FCM:

Particulars	Value	CGST	SGST	IGST
Services of transportation of students provided to Sanskar College	90,000	8,100	8,100	Nil

[Services of transportation of students provided to an educational institution other than an institution providing pre-school education or education up to higher secondary school or equivalent, are not exempt.]				
Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Thus, it is not eligible for exemption.]	1,80,000	16,200	16,200	Nil
Business exhibition organized for Ramesh Industries [Taxable since services by an organizer to any person in respect of a business exhibition are exempt only when such exhibition is held outside India. Further, it is an inter-State supply since the place of supply of services by way of organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to an exhibition in case of a registered recipient is location of such recipient, i.e. Delhi.]	20,00,000	Nil	Nil	3,60,000
Training to employees of Aashiyana Interiors. [Taxable. Further, the place of supply of services in relation to training and performance appraisal provided to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Mumbai. Hence, it is an Intra-State supply.]	1,00,000	9,000	9,000	Nil
Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/financial institution/ non-banking financial company.]	30,000	2,700	2,700	Nil
GST payable under FCM		36,000	36,000	3,60,000

II. Computation of GST payable on inward supplies under RCM:

Particulars	Value	CGST	SGST	IGST
Services of transportation of goods received from unregistered GTA [It is intra-State supply since the place of supply of services by way of transportation of goods provided to a registered recipient is location of such recipient, i.e., Maharashtra.]	2,00,000	5,000	5,000	Nil
Legal services availed from an advocate [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for registration (₹ 20 lakh)]	1,60,000	Nil	Nil	28,800

are not exempt and tax on the same is payable under reverse charge. Further, place of supply of services provided to a registered person is the location of such person. Thus, place of supply is Mumbai. Resultantly, same is an inter-State supply as supplier is located in Gujarat.]				
Total GST under RCM		5,000	5,000	28,800

III. COMPUTATION OF ITC AVAILABLE:

Particulars	Value	CGST	SGST	IGST
Services of transportation of goods received from unregistered GTA [ITC is available on said service since it is used in course or furtherance of business.]	2,00,000	5,000	5,000	Nil
ITC on sponsorship services (It is an intra-State supply, since place of supply is Mumbai, Maharashtra, being the location of recipient. ITC is available on services used in the course or furtherance of business.)	1,50,000	13,500	13,500	Nil
Legal services availed from an advocate [ITC is available on services used in the course or furtherance of business.]	1,60,000	Nil	Nil	28,800
Total ITC		18,500	18,500	28,800

IV. Computation of net GST payable:

Particulars	CGST	SGST	IGST
GST payable under forward charge	36,000	36,000	3,60,000
Less: ITC	(18,500)	(18,500)	(28,800)
Add: GST payable under reverse charge in cash [Tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.]	5,000	5,000	28,800
Net GST payable in cash	22,500	22,500	3,60,000

QUESTION NO. 35

Regal Foundation of Commerce organized a business summit in Surat, Gujarat, in which all the startups were invited to pitch their business ideas. Pandit Jewels Pvt Ltd., registered in the State of Maharashtra, sponsored the summit and paid a sponsorship fee of ₹ 1,50,000 to Regal Foundation of Commerce.

You are required to determine, who is the person liable to pay tax if:

- (I) Regal Foundation of Commerce is a body corporate.
- (II) Regal Foundation of Commerce is not a body corporate.

ANSWER:

(i) In case of services provided by way of sponsorship service to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.

Since Regal Foundation of Commerce, the supplier, is a body corporate in this case, so reverse charge provisions are not applicable in this case. Thus, Regal Foundation of Commerce is required to pay tax under forward charge on the supply of the sponsorship services.

(ii) In case of services provided by way of sponsorship to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.

Since Regal Foundation of Commerce, the supplier, is not a body corporate in this case, so reverse charge provisions are applicable in this case. Accordingly, Pandit Jewels Pvt Ltd is required to pay tax under the reverse charge on sponsorship fees paid to Regal Foundation of Commerce.

QUESTION NO. 36:

Examine whether GST is exempted in the following independent cases of supply of services:

- (i) Apex Facilities provided civil maintenance services for the upkeep of the Municipal Corporation of Delhi (MCD) head office building. Value of supply of goods constitute 20% while providing such maintenance services.
- (ii) M/s Talreja & Talreja, a firm of advocates, provides legal services to the State Government for representation in the High Court.
- (iii) BLF Mall, Noida provides services by way of vehicle parking to general public in the basement of mall.
- (iv) Service provided by a private transport operator to Scholar Boys Higher Secondary School by way of transportation of students to and from the school.

ANSWER:

- (i) If the composite supply of goods and services provided to local authority, in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply, by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution, then it would be exempt under GST. Further, it has been clarified vide a Circular that civil maintenance services received for the upkeep of the MCD office are not in relation to any function entrusted under Article 243W of the Constitution and thus not covered under the exemption. Therefore, such civil maintenance services are not exempt and hence taxable.
- (ii) Services provided by a partnership firm of advocates to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity are exempted from GST. Thus, legal services provided by Talreja & Talreja, a firm of advocates, to the State Government for representation before the High Court are exempted from GST.
- (iii) Services provided by way of vehicle parking to general public are not specifically exempted from GST. Therefore, GST is payable on the same.
- (iv) Services by way of transportation of students provided to an educational institution which is engaged in providing services by way of pre-school education and education up to higher secondary school or equivalent are exempted from GST.

Therefore, in the given case the services provided by private transport operator are exempt.

QUESTION NO. 37:

Mr. Muttswami, an electronics dealer registered in Bangalore, Karnataka hired M/s Parivahan Logistics, an unregistered Good Transport Agency (GTA), to deliver his goods at the place of business of customer in Jaipur, Rajasthan. M/s Parivahan Logistics charged ₹ 60,000 for the transportation of goods, which was paid by Muttswami on 4th January through account payee cheque. The delivery was also made on the same day.

M/s Parivahan Logistics did not raise the tax invoice for these services, since it was unregistered.

In this case, you are required to determine:

- (i) Person liable to issue the tax invoice
- (ii) Time limit for issuance of the tax invoice

(iii) Time of supply of transportation services provided by GTA, assuming that tax invoice is issued on the last day on which it should have been issued.

ANSWER:

Supply of services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to any person registered under the GST is taxable under reverse charge mechanism in terms of section 9(3) of the CGST Act, 2017. Thus, Mr. Muttswami, being the registered recipient is liable to pay tax under reverse charge mechanism in respect of services received from unregistered GTA.

(i) Person liable to issue the tax invoice As per section 31(3)(f) of the CGST Act, 2017, a registered person who is liable to pay tax under reverse charge mechanism under section 9(3)/ 9(4), shall within the period as may be prescribed issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both. Since, M/s Parivahan Logistics is an unregistered GTA, Mr. Muttswami, being liable to pay the tax under reverse charge mechanism under section 9(3) is required to issue the tax invoice.

(ii) Time limit for issuance of the tax invoice

Rule 47A of the CGST Rules, 2017 provides that where an invoice referred to in rule 46 is required to be issued under section 31(3)(f) by a registered person, who is liable to pay tax under section 9(3)/ 9(4), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.

Thus, Mr. Muttswami is required to issue a tax invoice till 3rd February (i.e. within 30 days of receipt of services).

(iii) Time of supply of transportation services supplied by GTA.

As per section 13(3) of the CGST Act, 2017, in case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:—

- the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
- the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier, in cases where invoice is required to be issued by the supplier, or
- the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.

Since, in this case the reverse charge mechanism is applicable on receipt of services provided by GTA and invoice is issued by recipient, time of supply would be earliest of the following date:

- Date of payment i.e. 4th January
- The date of issue of invoice by the recipient i.e. 3rd February.

So, the time of supply in this case will be 4th January.

QUESTION NO. 38:

Mascot Motors Private Limited (hereinafter referred as MMPL), a dealer of motor vehicles, registered in Udaipur, Rajasthan, has given an ex- works contract to M/s Ganesh Traders, registered in Ahmedabad, Gujarat for manufacturing 10 units of Pick-Up vans.

M/s Ganesh Traders manufactured the vans and handed them over to transporter on behalf of MMPL on 29th April and delivery on its part is complete at its factory gate in Ahmedabad.

Further, it raised the invoice for all ten Pick-Up vans on same day. MMPL has recorded the invoice in its books on the same day. Price of the vans (ex-factory) was ₹ 10 lakh each (excluding GST @ 28%).

However, the vans were physically received by MMPL at its showroom in Udaipur, Rajasthan on 2nd May and payment was also made on the same day. After the payment, two Vans got damaged

completely in a fire in the showroom in first week of May and therefore, they were written off in the books in the month of receipt by MMPL.

Discuss the availability of ITC on pick-up vans to MMPL with reference to the provisions under GST law. In which month, MMPL is eligible to avail ITC on the purchase of vans and how much ITC is available in respect of the vans?

ANSWER:

Section 16(2)(b) of the CGST Act, 2017 provides that no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless he has received the goods or services or both.

Explanation to section 16(2)(b) of the CGST Act, 2017 provides that it shall be deemed that the registered person has received the goods or, as the case may be, services, where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise.

Further, it has been clarified vide a circular that in case of Ex-works contract, the property in the goods can be considered to have been passed on to the dealer by the Original Equipment Manufacturer (OEM) upon handing over of the said goods to the transporter at his factory gate, meaning thereby that the goods can be considered to have been delivered to the registered person (the dealer), through the transporter, by the supplier (the OEM) at his factory gate and the supply of the said goods can be considered to have fructified at the factory gate of the OEM, even though the goods may be physically received by the registered person (the dealer) after the transit period.

In the given case, since the contract between M/s Ganesh Traders (OEM) and MMPL (dealer) is ex-works, pick up vans are considered to be received by MMPL on 29th April i.e. the date on which the vans are handed over to the transporter, even though they were physically received in the month of May.

So, initially on 29th April, full ITC of ₹28 lakh [$₹10 \text{ lakh} \times 10 \text{ vans} \times 28\%$] can be availed while filing the return of the month of April. Subsequently, after the receipt of vans in the showroom, 2 vans were destroyed due to fire and written off in the books.

So, ITC in respect of such vans, which was already availed has to be reversed while filing the return of the next month-May, since ITC on the goods, which are destroyed is not available in accordance with section 17(5) of the CGST Act, 2017.

The Amount of ITC which has to be reversed in the return of next month is = ₹5.6 lakh [$₹10 \text{ lakh} \times 2 \text{ vans} \times 28\%$].

QUESTION NO. 39:

Aakarsha Traders, a registered supplier under GST in Uttar Pradesh, had their GST registration cancelled retrospectively with effect from 1st September of current financial year. The cancellation order was passed on 15th September of current financial year. At the time of cancellation, the supplier had not availed ITC on certain eligible invoices issued in February and March of the preceding financial year for inward supplies of taxable goods on which ITC is otherwise available under GST law.

Subsequently, on filing an application for revocation, the cancellation of registration was revoked by the Proper Officer on 15th December of current financial year.

The firm wishes to file its GSTR-3B return for the month of September on 21st December of current financial year and wishes to claim ITC on the said invoices of February and March of preceding financial year in this return.

You are required to advise Aakarsha Traders whether it is entitled to claim input tax credit (ITC) in respect of invoices issued in February and March of the preceding financial year in terms of provisions of the GST law assuming that annual return for previous year is furnished on 31st December of the current financial year.

ANSWER:

As per section 16(6), where:

- the registration of a registered person is cancelled under section 29,
 - and subsequently cancellation is revoked by any order under section 30,
 - and availment of ITC was not restricted under section 16(4) on the date of cancellation, then such person is entitled to take ITC on such invoice or debit note in a return under section 39:
- (i) filed up to 30th November following the financial year to which such invoice or debit note pertains, or date of furnishing annual return, whichever is earlier; or
- (ii) for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, where such return is filed within 30 days from the date of order of revocation of cancellation of registration whichever is later.
- In view of the aforementioned legal provisions in the given case, Aakarsha Traders is entitled to claim input tax credit (ITC) in respect of invoices issued in February and March of the preceding financial year in a return under section 39:
- (i) filed up to 30th November of current financial year
- or
- (ii) return filed for the period from effective date of cancellation of registration till the date of order of revocation of cancellation of registration, within 30 days of revocation of cancellation i.e., up to 14th January
whichever is later.

Thus, Aakarsha Traders is entitled to claim input tax credit (ITC) in respect of invoices issued in February and March of the preceding financial year in the return for the month of September furnished on 21st December of current financial year.

QUESTION NO. 40:

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:

1. Consultancy services for market analysis: 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. Digital Marketing Services for Launch Event: 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. Travelling payment for the team: The employees incurred an amount of ₹ 50,000 on travel to Kolkata for client project and claimed a reimbursement of the same from the company. As a policy, company charged such expenses from the clients on actual basis.
4. Discount passed on to customer: Post supply discount was offered to a customer amounting to ₹ 50,000 against a supply for which invoice was issued in September. The customer has not reversed the input tax credit relating to such discount.
5. Recovery of late payment charges: 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.
6. Purchase of car: A car was purchased in the name of company for use by the director. The total cost of car was ₹ 10,50,000 (inclusive of IGST amounting to ₹ 1,50,000).
7. Insurance services: The company paid for insurance of the above new car amounting to ₹ 25,000 which includes IGST amounting to ₹ 2,300.

8. Procurement of services: The company received inter-State supply of services used for business purpose on which GST paid was Rs. 45,000. Said credit was not restricted under any provision of GST laws.
9. Sponsorship: The company sponsored a sports event wherein it paid an amount of ₹ 2,00,000 to the event organizers.

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

- (a) Total value of supply
(b) output tax payable by the Company.
(c) net GST payable in cash.

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) There was no opening balance of input tax credit.
(iv) The turnover of the company was ₹ 10 crores in the previous financial year.
(v) All the transactions are inter-State, unless otherwise specified.

ANSWER:

Computation of total value of supply

Particulars	Amount
Consultancy services provided to XYZ Ltd. (As per section 15 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.)	4,54,500
Digital marketing services provided to Mr. A (The amount incurred by the recipient on behalf of the supplier is includible in the value of supply.)	3,00,000
Travelling expenses recovered from the client (Incidental expenses like travelling expenses incurred in course of supply is includible in value of supply.)	50,000
Post supply discount (No adjustment of post supply discount is allowed as the customer has not reversed the input tax credit.)	-
Late payment charges (The late payment charges recovered are includible in GST and liable to tax at the time of receipt of amount.)	1,00,000
Total value of supply for October	9,04,500

Computation of output tax payable

Particulars	IGST (₹)
Total value of outward supply	9,04,500
Total output tax payable @ 18% (Company is liable to pay GST on sponsorship services under reverse charge, but the tax payable under reverse charge is not included in the value of output tax.)	1,62,810

Computation of ITC available

Particulars	Amount (₹)
Purchase of car for use by director (ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable	-

supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Purchase of car for use by director is not a specified purpose.)	
Insurance of car (ITC is not allowed on services of insurance relating to the motor vehicles on which ITC is blocked. Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on insurance taken on such car is also blocked)	-
ITC on receipt of services (ITC is available on services used in the course or furtherance of business.)	45,000
ITC on sponsorship services (ITC is available on services used in the course or furtherance of business.)	36,000
Total ITC available	81,000

Computation of net GST payable in cash

Particulars	IGST (₹)
Total output tax	1,62,810
Less: Input tax credit	(81,000)
Net GST payable	81,810
Add: GST payable under reverse charge for receipt of sponsorship services (B) [Tax on sponsorship services availed by a body corporate from any person is payable under reverse charge. Since the tax payable under reverse charge is not an output tax, ITC cannot be utilized to pay GST payable under reverse charge. Thus, it has to be paid in cash.]	36,000
Total GST payable in cash (A) +(B)	1,17,810

QUESTION NO. 41:

Briefly examine the place of supply in the following independent cases.

- Ms. Shanti (unregistered resident of Gujarat) went to meet her parents at the native place Patna, Bihar and buys a medical insurance policy for her parents from an insurance company – MNT Insurers- of Patna (registered in Bihar). The location of the recipient of services in the records of the MNT Insurers is Patna.
- Lakhan Singh Transports Pvt. Ltd., a Goods Transportation Agency registered in Noida, Uttar Pradesh, is hired by Ram Trade Links (registered supplier in New Delhi) to transport its consignment of goods from its warehouse in Delhi to the house of a buyer located in Roorkee, Uttar Pradesh.
- Mr. Karan (Mumbai) takes a post-paid mobile connection in Mumbai from the service provider - Freesia Ltd. and gives his residence address at Mumbai as the address for billing with the said company.

ANSWER:

- The place of supply of insurance services provided to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.
- The place of supply of services by way of transportation of goods, including by mail or courier to a registered person, is the location of such person. Thus, in the given case, the recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.
- The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing

address of the recipient of services on the record of the supplier of services. Thus, in the given case, the place of supply is the location of billing address of the recipient, i.e. Mumbai.

QUESTION NO. 42:

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)

ANSWER:

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	

QUESTION NO. 43:

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.

Answer:

- (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 – Gyaati 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).

QUESTION NO. 44

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 Mumbai. 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) 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.
- 3) 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.
- 4) 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.

Answer:

- 1) As per Sec. 11 read with Notification No. 12/2017, Pure Services provided to Government in relation to activities entrusted to Government as per Article 243G or 243W of the constitution is exempted. In the present case pollution consultancy is not falling under constitution and the same is taxable. When Government of India recover ₹3,00,000 from Delhi Government, the same is 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, 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.
- 3) 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.
- 4) Contribution collected under Motor vehicle insurance fund from the insurance companies out of premium collected towards third party insurance is specifically covered under exemption.

QUESTION NO. 45:

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.

Answer:

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

QUESTION NO. 46:

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.

ANSWER:

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.

QUESTION NO. 47:

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

1. 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.
2. 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.
3. 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?

Answer:

- (1) 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.
- (2) 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**.
- (3) 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.

QUESTION NO. 48:

Harsha Textiles Pvt. Ltd., a registered company in Tamil Nadu, is engaged in the manufacture of garments. The company procured the following supplies in November 2024:

Date	Description of Inward Supply	Supplier Type	Value (₹)
3rd Nov 2024	Legal consultancy services from Advocate V. Kumar	Unregistered	50,000
5th Nov 2024	Services of Goods Transport Agency (GTA) – Consignment note issued	Registered	20,000
7th Nov 2024	Raw cotton purchased from farmer	Unregistered	60,000
10th Nov 2024	Manpower supply services received from Sam Workforce Pvt. Ltd.	Unregistered	80,000
13th Nov 2024	Purchase of steel shelves from a local unregistered trader for office infrastructure	Unregistered	30,000
20th Nov 2024	Sponsorship services availed from Chennai Sports Club, a registered entity	Registered	1,00,000

Identify the supplies on which Harsha Textiles Pvt. Ltd. is liable to pay tax under reverse charge mechanism and also Determine who shall issue the tax invoice for each transaction. Also specify the due date by which the invoice is to be issued by Harsha Textiles Pvt. Ltd

Answer:

S. No.	Description of Supply	Supplier Type	FCM/ RCM	Reason	Invoice by	Due date of self-invoice
1	Legal services from Advocate V. Kumar	Unregistered	RCM	Legal services by individual advocate to business – notified under 9(3)	Recipient	03-Dec-2024
2	GTA services (with consignment note)	Registered	RCM	GTA services – notified under 9(3) (Default option)	Supplier	N.A
3	Raw cotton from unregistered farmer	Unregistered	RCM	Raw cotton by agriculturist to registered person – notified under 9(3)	Recipient	07-Dec-2024
4	Manpower services from registered supplier	unregistered	FCM, but no GST	Manpower supply is not notified and only security agency is notified	N.A	N.A
5	Steel shelves from local unregistered trader	Unregistered	FCM, but no GST	Not covered under notified goods for RCM	N.A	N.A
6	Sponsorship from registered club	Registered	RCM	Sponsorship to body corporate – notified under 9(3)	Supplier	N.A

QUESTION NO. 49:

M/s AutoGlide Motors Ltd., an authorized dealer of motor vehicles, purchases automobiles from manufacturers and sells them to customers. As per dealership norms, the company is required to maintain demo vehicles at its showroom for test drives and promotional activities. During January 2025, M/s AutoGlide Motors purchased 10 sedans from XYZ Automobiles Ltd. for ₹50,00,000 (including GST @ 28%) for exclusive use as demo vehicles for test drives and customer demonstrations. Additionally, one of the demo vehicles was also used for transporting company employees between dealerships. The company has capitalized these demo vehicles in its books as fixed assets for ₹50,00,000. After one year of use, M/s AutoGlide Motors sold 5 demo vehicles which is used for test drives for ₹15,00,000 (Excl. GST @ 28%).

Answer the following questions

- Whether M/s AutoGlide Motors Ltd can avail ITC on purchase of demo vehicles and compute the ITC available in Jan 2025.
- Compute GST payable on sale of such demo vehicles
- Compute GST payable on sale of such demo vehicles, if the depreciation is computed on Purchase price excluding GST.

ANSWER:

(i) ITC Eligibility on Purchase of Demo Vehicles (January 2025):

As per CBIC Circular, ITC is **available** on demo vehicles since they are **eventually sold**, classifying them as used **for further supply**. ITC is **not blocked** under **Section 17(5)(a)** in such cases. If a demo vehicle is **used for employee transport or other non-sales activities**, **ITC is not available**.

In the present case, M/s AutoGlide Motors Ltd. can avail ITC on 9 demo cars purchased for being used in test drives and cannot avail ITC on 1 demo car used for employee transportation. However, as they capitalized the full value of the cars purchased including the GST component, they cannot avail ITC on all the cars purchased in terms of Sec. 16(3) of CGST Act.

(ii) GST payable on sale of such demo vehicles:

GST is payable on transaction value of such sale under Sec. 15(1) = ₹15,00,000 × 28% = ₹4,20,000.

(iii) GST payable on sale of demo vehicles, if depreciation not computed on tax component:

As depreciation is not computed on tax component, ITC available on 9 demo vehicles.

ITC pertaining to purchase of 5 demo vehicles which are being sold = ₹50,00,000/10 × 5 × 28/128 = ₹5,46,875.

GST payable on sale of demo vehicles on which ITC availed in terms of Sec. 18(6)

a) ITC availed (-) 5% × 4 Quarters = ₹5,46,875 (-) 20% = ₹4,37,500

b) GST on sale value of such demo vehicles = ₹4,20,000,

Whichever is Higher i.e., ₹4,37,500.

QUESTION NO. 50:

Rameshwar Industries is engaged in the manufacturing semi-conductors in the state of Assam. It makes only intra-state outward supplies.

Following details have been made available by Rameshwar Industries.

Date of commencement of business	March 14, 2024
Date when turnover exceeded ₹ 10 lakhs	March 29, 2024
Date when turnover exceeded ₹ 20 lakhs	April 15, 2024
Date when turnover exceeded ₹ 40 lakhs	April 28, 2024
Date of application for registration as per the provisions of Section 22 of CGST Act, 2017	May 15, 2024
Date of issuance of certificate of registration	May 29, 2024

Based On the above information, you are required to determine the following by briefly stating the relevant provisions.

- (i) Effective date of registration of Rameshwar Industries
- (ii) Period for which revised tax invoice can be issued.
- (iii) Timeline within which such revised tax invoice is to be issued.

ANSWER:

(i) Effective Date of Registration of Rameshwar Industries

The applicable threshold limit for a person engaged in exclusive supply of goods in Assam is ₹40 lakhs., As per Section 22(1) of the CGST Act, 2017, every supplier is liable to register under GST when its aggregate turnover exceeds ₹40 lakh in a financial year.

- In this case, Rameshwar Industries exceeded the threshold of ₹40 lakh on April 28, 2024.
- As per Section 25(1) of the CGST Act, a person liable for registration must apply within 30 days from the date of liability.
- Since Rameshwar Industries applied for registration on May 15, 2024, which is within the prescribed 30-day period, as per Section 25(11) read with Rule 10(2), the effective date of registration shall be the date on which the entity became liable for registration, i.e., April 28, 2024.

(ii) Period for which Revised Tax Invoice can be Issued

As per Section 31(3)(a) of the CGST Act, a registered person who has issued invoices before obtaining registration can issue a revised tax invoice for such supplies made from the effective date of registration until the date of issuance of the registration certificate.

- Here, the effective date of registration is April 28, 2024.
- The certificate of registration was issued on May 29, 2024.
- Therefore, revised tax invoices can be issued for all supplies made between April 15, 2024, and May 29, 2024.

(iii) Timeline within which such Revised Tax Invoice is to be Issued

As per Rule 53(2) of the CGST Rules, 2017, the revised tax invoices must be issued within 1 month from the date of issuance of the registration certificate.

Since the registration certificate was issued on May 29, 2024, Rameshwar Industries must issue revised tax invoices by June 28, 2024.

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