

Answer 1 (4 MARKS)

This supply would be regarded as mixed supply, since in this case each of the goods in the package have individual identity and can be supplied separately, but are deliberately supplied conjointly for a single consolidated price. The tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods, or services) which suffers the highest rate of tax from amongst the supplies forming part of the mixed supply. Therefore, the package will be chargeable to 28% GST.

The tax liability will be arrived as under:

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

Answer 2 (6 MARKS)

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

(2) Schedule I of CGST Act, provides that supply of goods or services or both between related persons or between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business.

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

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

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

Answer 3 (4 MARKS)

Computation of Value of taxable supply and GST leviable thereon —

Particulars	₹
Total freight received	13,50,000
Less: Freight charges received for transporting fruits being agricultural produce [Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]	1,25,000
Less: Freight collected less than ₹ 750 for each consignment (Exempt, since the freight charged to a single consignee does not exceed ₹ 750) [Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]	75,000
Less: Freight collected for transporting goods in small vehicles for persons who paid less than ₹ 1,500 per trip (Exempt, since the freight on all consignments transported into a goods carriage doesn't exceed ₹ 1,500) [Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]	1,50,000
Total value of taxable supply	10,00,000

Answer 4 (4 MARKS)

OIDAR services can be provided online from a remote location outside the taxable territory. A similar service provided by an Indian Service Provider, from within the taxable territory, to recipients in India are taxable. Further, such services received by a registered entity in India from a location outside the taxable territory are also taxable under reverse charge. The overseas suppliers of such services would have an unfair tax advantage if the services provided by them had been left out of the tax net. At the same time, since the service provider is located overseas and may not be having a presence in India, the compliance verification mechanism becomes difficult. In view of the same, the Government has come out with a simplified scheme of registration for such service providers located outside India.

Answer 5 (4 MARKS)

The relevant provisions are as discussed as under—

- (1) **Tourist [Explanation to Section 15 of IGST Act, 2017]:** "Tourist" means a person not normally resident in India, who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes.
- (2) **Refund of integrated tax paid on supply of goods to tourist leaving India [Section 15 of IGST Act, 2017]:** The integrated tax paid by tourist leaving India on any supply of goods taken out of India by him shall be refunded in such manner and subject to such conditions and safeguards as may be prescribed.

Answer 6 (6 MARKS)**Time of supply of goods [Section 12]:**

- (1) **Liability for payment of tax arises at TOS [Section 12(1)]:** The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.
- (2) **Time of Supply of goods - Forward Charge i.e. normal supply of goods [Section 12(2)]:** The time of supply of goods shall be the earlier of the following dates, namely: —
 - (a) (i) The date of issue of invoice by the supplier; or
 - (ii) The last date on which he is required, u/s 31(1), to issue the invoice with respect to the supply; or
 - (b) The date on which the supplier receives the payment with respect to the supply.

Determination of date when supplier receives the payment [Explanation 2]: For the purposes of clause (b), "the date on which the supplier receives the payment" shall be -

- > The date on which the payment is entered in his books of account; or
- > The date on which the payment is credited to his bank account,

Whichever is earlier

Small advance upto ` 1,000 - date of invoice to be time of Supply: Where the supplier of taxable goods receives an amount upto ` 1,000 in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall* at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

Supply deemed to be made to the extent covered by invoice or payment [Explanation 1]: For the purposes of-

- > clause (a) [i.e. the date on which the supplier issues invoice with respect to supply]; and
- > clause (b) [i.e. the date when supplier receives the payment with respect to supply],

"Supply" shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

Significance of "to the extent the payment covers the goods": Suppose, a part of the consideration is paid in advance or invoice is issued for part payment, the time of supply will not cover the full supply. The supply shall be deemed to have been made to the extent it is covered by the invoice or the part advance payment.

Conclusion: Thus, time of supply of goods shall be the **earliest of the following dates:**

- (i) The date of issue of invoice by the supplier; or
- (ii) The last date on which he is required, under Section 31(1), to issue the invoice with respect to the supply; or
- (iii) The date on which the supplier receives the payment with respect to the supply i.e. earlier of date on which the payment is recorded in the books of account of the supplier or date on which the payment is credited to the supplier's bank account.

Answer 7 (4 MARKS)

As per section 15(2) (e), the value of a supply includes subsidies directly linked to the price, excluding State Government and Central Government subsidies. In this case, the subsidy is not from the Government but is from a charitable institution. Therefore, the subsidy is to be added back to the price to arrive at the taxable value, which comes to ₹ 5 lakh a year.

Answer 8 (4 MARKS)

As per Section 17(5) (h) of the CGST Act, 2017, if the value of any goods is written off in the books of account, then no input tax credit shall be allowed in respect of the said input. Where input tax credit has been taken in respect of the said goods, the same has to be paid by recipient of input goods. Since in the given case, XYZ Ltd. has availed input tax credit, thus it has to pay ₹ 60,000 (₹ 10,00,000 @ 6%) towards CGST and ₹ 60,000 towards SGST liability.

Answer 9 (6 marks)**Computation of credit on capital goods attributable for tax period of August, 2018**

Particulars	CGST (₹)	SGST (₹)
Total credit on Capital goods		
Credit on capital goods exclusively used for supplying exempted goods (The amount of input tax in respect of capital goods used exclusively for effecting exempt supplies shall be indicated in FORM GSTR-2 and shall not be credited to his electronic credit ledger.)	10,800	10,800
Credit on capital goods exclusively used for supplying taxable supplies (including Zero rated supplies) (The amount of input tax in respect of capital goods used exclusively for effecting taxable supplies including zero-rated supplies shall be indicated in FORM GSTR-2 and shall be credited to the electronic credit ledger.)	45,000	45,000
Credit on capital goods exclusively used for supplying goods for non-business use (The amount of input tax in respect of capital goods used exclusively for non-business purposes shall be indicated in FORM GSTR-2 and shall not be credited to his electronic credit ledger.)	11,700	11,700
Credit on capital goods used for supplying taxable as well as exempted supplies (shall be credited to Electronic credit ledger and the useful life of such goods shall be taken as 5 years.) [A] T_c	1,14,480	1,14,480
Amount of input tax credit attributable to the month of August, 2018 on Common capital goods during their residual life $T_m = T_c \div 60$ (₹ 1,14,480 ÷ 60)	1,908	1,908
Amount of ITC on capital goods whose residual life remains in beginning of tax period i.e., August, 2018 (T_r) [WN]	1,908	1,908
Amount of common credit attributable towards exempted supplies to be added to output tax liability (T_e)	456	456
$T_c = T_r \times$ (Value of Exempted supply and supply made for non-business used during tax period / Total Value of supply during tax period) [(₹ 1,908 + ₹ 23,00,000) × (₹ 5,00,000 + ₹ 50,000)]		
Total credit on capital goods attributable for tax period of August 2018 is [₹ 45,000 + ₹ 1,908 - ₹ 456]	46,452	46,452

Working Note:**Calculation of ITC on capital goods whose residual life remains during the tax period: $T_r = T_m/60$**

Capital Goods	Value of inward supplies (exclusive of CGST & SGST)	CGST @ 9% (T_c)	SGST @ 9% (T_c)	ITC Attributable for 1 month ($T_r =$ Aggregate of T_m)	
				CGST @9% ($T_m = T_c/60$)	SGST @9% ($T_m = T_c/90$)

	(₹)	(₹)	(₹)	(₹)	(₹)
A	5,60,000	50,400	50,400	840	840
B	2,56,000	23,040	23,040	384	384
C	4,56,000	41,040	41,040	684	684
Total		1,14,480	1,14,480	1,908	1,908

Answer 10 (4 marks)

Grant of registration to persons required to deduct tax at source [Rule 12 of CGST Rules, 2017]:

- (1) E-Application by Tax deductor/ collector electronically [Rule 12(1)] : Any person required to deduct tax in accordance with the provisions of Section 51 shall electronically submit an application, duly signed or verified through electronic verification code, in FORM GST REG-07 for the grant of registration through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.
- (2) RC to be issued within 3 working days [Rule 12(2)] : The proper officer may grant registration after due verification and issue a certificate of registration in FORM GST REG-06 within a period of 3 working days from the date of submission of the application.
- (3) Cancellation of RC [Rule 12(3)] ? Where, upon an enquiry or pursuant to any other proceeding under the Act, the proper officer is satisfied that a person to whom a certificate of registration in FORM GST REG-06 has been issued is no longer liable to deduct tax at source under section 51, the said officer may cancel the registration issued under rule 12(2) and such cancellation shall be communicated to the said person electronically in FORM GST REG-08.

However, the proper officer shall follow the procedure as provided in Rule 22 for the cancellation of registration.

Answer 11 (4 marks)

Where a tax invoice has been issued for supply of any goods and/ or services and the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, supplier may issue to the recipient a credit note. The output tax liability of the supplier would reduce due to issuance of credit notes.

Supplier issuing a credit note shall declare the details of such credit note in the return for the month during which such credit note has been issued, but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted.

However, no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person. Therefore, there arises need of matching of output tax liability.
