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SUGGESTED SOLUTION

CA INTERMEDIATE NOV'19

SUBJECT- IDT

Test Code – CIM 8294

BRANCH - () (Date :)

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Answer 1:

(A)

As per section 25 read with CGST Rules, 2017, **where an applicant submits application or registration within 30 days from the date he becomes liable to registration effective date of registration is the date on which he becomes liable to registration**. Since, Sangri Services Ltd.'s turnover exceeded ₹ 20 lakh on 12th August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12th August.

As per section 31 read with CGST Rules, 2017, **every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices**. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. **Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration** in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.

Therefore, in the given case, Sangri Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6th October. **(6 marks)**

(B)

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

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

In the given case, the date of payment precedes 61th day from the date of issue of invoice by the supplier of service. Hence, the date of payment, that is 17th June, will be treated as the time of supply of service. **(4 marks)**

Answer 2:

(A)

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

The structure of the said ID would be uniform across the States in conformity with GSTIN structure and the same will be common for the Centre and the States. This UIN will be needed for claiming refund of taxes paid on notified supplies of goods and services received by them, and for any other purpose as may be notified. **(2 marks)**

(B)

Following four conditions are to be satisfied by the registered taxable person for obtaining ITC:

- (a) he is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
- (b) he has received the goods or services or both;
- (c) the supplier has actually paid the tax charged in respect of the supply to the Government; and
- (d) he has furnished the return under section 39. **(4 marks)**

(C)

In GST since the returns are built from details of individual transactions, **there is no requirement for having a revised return**. Any need to revise a return may arise due to the need to change a set of invoices or debit/ credit notes. **Instead of revising the return already submitted, the system allows changing the details of those transactions (invoices or debit/credit notes) that are required to be**

amended. They can be amended in any of the future GSTR- 1 in the tables specifically provided for the purposes of amending previously declared details.

As per section 39(9), **omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filled for the month / quarter during which such omission or incorrect particulars are noticed.** Any tax payable as a result of such error or omission will be required to be paid along with interest. The rectification of error / omissions is carried out by entering appropriate particulars in “ **Amendment Tables**” contained in GSTR – 1. **(4 marks)**

Answer 3:

(A)

Determination of ITC of Fun Pharma Private Ltd. for the Month of September

Particulars	Rs.	Reasoning
Purchase of Cabs used for transportation of Employees	Nil	ITC on motor vehicles has been specifically disallowed under section 17(5)(a). However ITC on motor vehicles used for transportation of goods is allowed. (Vehicles used for transportation of Employees not allowed)
Inputs received in Lots	Nil	When inputs are received in instalments. ITC can be availed only on receipt of last instalment.
Capital Goods (Fully Capitalised)	2,25,000	a) Input tax paid on capital goods cannot be availed as ITC, if depreciation has been claimed on such tax component. In the given case, it is assumed that Depreciation is not claimed on Tax Component. b) ITC cannot be taken on missing invoice. Registered person should have the invoice in its possession to claim ITC. Hence GST paid of Rs. 25,000 on missing invoice is not allowed.
Outdoor Catering (Food to Employees)	Nil	ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply – Section 17(5)(b) (i)]. The fact that it is availed on Women’s day does not alter the provision.
Input Credit for September	2,25,000	

(4 Marks)

(B) CIN stands for Challan Identification Number. It is a 17 – digit number that is 14 – digit CPIN plus 3 – digit Bank Code. CIN is generated by the authorized banks / Reserve Bank of India (RBI) when payment is actually received by such authorized banks or RBI and credited in the relevant government account held with them. It is an indication that the payment has been realized and credited to the appropriate government account. CIN is communicated by the authorized bank to taxpayer as well as to GSTN. **(2 marks)**

(C)

Computation of value of taxable supply

Particulars	Rs.	Reason
List price of the goods	1,00,000	Base Price exclusive of Taxes of Discounts
Tax levied by Municipal Authority	10,000	Includible in the value as Tax being other than GST Tax
CGST and SGST chargeable on the goods	-	GST Taxes no includible in the Value
Packing charges	2,000	Includible in the value
Subsidy received from a non – Government body	4,000	Subsidy is received from a non – Government body.
Total Value before Discount	1,16,000	

Less : Discount @ 4% on Rs. 1,00,000	4,000	Since discount is known at the time of supply, it is deductible from the value.
Value of taxable supply	1,12,000	

(4 Marks)

Answer 4:

- (A) A Registered Person supplying exempted goods and / or services or paying tax under the provisions of sec. 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars as may be prescribed. The registered person may not issue a bill of supply if the value of the goods or services supplied is less than Rs. 200 subject to such conditions and in such manner as may be prescribed.

(2 Marks)

(B)

Computation of GST payable by Mr. Ajay on outward supplies for the month of August 2017

S.No.	Particulars	(Rs.)	GST (Rs.)
(i)	Intra – state supply of goods		
	CGST @ 9% on Rs. 2,00,000	18,000	36,000
	SGST @ 9% on Rs. 2,00,000	18,000	
(ii)	Inter – state supply of goods		
	IGST@ 18% on Rs. 10,00,000		1,80,000
	Total GST payable		2,16,000

(3 marks)

Computation of total ITC

Particulars	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)
Opening ITC	20,000	30,000	25,000
Add : ITC on Intra – State purchases of goods valuing Rs. 5,00,000	45,000	45,000	Nil
Total ITC	65,000	75,000	25,000

(2 marks)

Computation of GST payable from cash ledger

Particulars	CGST (Rs.)	SGST (Rs.)	IGST(Rs.)
GST payable	18,000	18,000	1,80,000
Less : ITC from Respective Heads	(18,000)	(18,000)	(25,000)
Less : ITC Balance from CGST utilized of IGST			(47,000)
Less : ITC Balance from SGST utilized of IGST			(57,000)
Net GST payable in Cash	Nil	Nil	51,000

Note :

The amount of Input Tax Credit (ITC) available in the **Electronic Credit Ledger** of the registered person would be eligible for set off as under :

- CGST would be allowed first to be utilized against CGST and then for IGST.
- SGST/ UTGST would be allowed first to be utilized against SGST/ UTGST and then against IGST.

(3 Marks)

Answer 5:

(1 mark x 10 = 10 marks)

- 1) C
- 2) C
- 3) D
- 4) D
- 5) D
- 6) A
- 7) D

- 8) B
- 9) A
- 10) A