



INTER CA - NOVEMBER 2018

Sub: INDIRECT TAXATION

Test Code - N 3002

Branch: Mumbai

Date: 21/06/2018

(50 Marks)

Topics- Tax Invoice, Credit and Debit Notes, Time and Value of Supply, Registration, Payment of taxes, Returns, Input Tax Credit.

Note: All questions are compulsory.

Question 1 (3 Marks)

The supplier has to rectify the said errors in GSTR-1 for the month of October, 2017 (due date of submission of which is 10th November, 2017). If there is any tax liability because of the said amendment/rectification, it will be automatically calculated in his return u/s 39 for the month of October, 2017.

Question 2 (3 Marks)

In this case, amount of excess credit shall be added to the output tax liability of Raghu in his return for the month of August (Due date for the same is 20th September).

Question 3 (4 Marks)

As per section 47, any registered person who fails to furnish, inter alia, the returns required under section 39 by the due date is required to pay a late fee of Rs. 100 for every day during which such failure continues subject to a maximum amount Rs. 5,000.

Due date of filing GSTR-3 for a month is 20th day of the succeeding month. Thus, there is a delay of 30 days [11 + 19] by Mr. Y in filing of GSTR-3 for the month of September. Hence, late fee of Rs. 3,000 (Rs. 100 x 30) will be payable by Mr. Y.

Question 4 (4 Marks)

Determination of time of supply –

	Issued on	Encashed on	Last date to accept voucher	Time of supply
Purchase of vouchers from T-shirt supplier of Rs. 5000 each	01.04.18	10.05.18	31.05.18	01.04.18
Purchase of vouchers from shoppers top of Rs. 1000 each	01.04.18	20.05.18	31.05.18	20.05.18

Question 5 (4 Marks)

(a)

Every supplier becomes liable to registration if his turnover exceeds Rs. 20 lakh [in a State/UT other than Special Category States] in a financial year [Section 22]. Since in the given case, the turnover of Dhampur Industries exceeded Rs. 20 lakh on 1st September, it becomes liable to registration on said date.

Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration [Section 25]

read with rule 10 of the Chapter III - Registration of CGST Rules, 2017]. Therefore, the effective date of registration is 1st September.

(b)

Since in the given case, the turnover of Mehta Teleservices exceeds Rs. 20 lakh on 25th October, it becomes liable to registration on said date. Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration. Therefore, the effective date of registration is 5th December.

Question 6 (3 Marks)

As per section 2(117) of CGST Act, "valid return" means a return furnished under sub-section (1) of section 39 on which self-assessed tax has been paid in full.

Hence, in such a case, the return is not considered as a valid return and also input tax credit will not be allowed to the recipient of supplies.

Question 7 (2 Marks)

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a Receipt Voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a Refund Voucher against such payment.

Question 8 (4 Marks)

Recipient is liable to pay tax on reverse charge basis where he receives supply of such goods/services/both which are notified for reverse charge purposes. Such supplies can be received from a registered or an unregistered supplier [Section 9(3)].

Further, recipient [who is registered] is also liable to pay tax where taxable goods/services/both have been received from an unregistered supplier [Section 9(4)]

A registered person who is liable to pay tax under reverse charge [under section 9(3)/9(4) of the CGST Act] shall 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. Thus, a recipient liable to pay tax by virtue of section 9(3) has to issue invoice only when supplies have been received from an unregistered supplier.

Question 9 (5 Marks)

In the given illustration, Jain & Sons can issue a Consolidated Tax Invoice only with respect to supplies made to Oberoi Orphanage [worth Rs. 188] and Aaradhya [worth Rs. 158] as the value of goods supplied to these recipients is less than Rs. 200 as also these recipients are unregistered and don't require a tax invoice.

As regards the supply made to Raghav Traders, although the value of goods supplied to it is less than Rs. 200, Raghav Traders is registered under GST. So, Consolidated Tax Invoice cannot be issued.

Consolidated Tax Invoice can also not be issued for supplies of goods made to Dhruv Enterprises and Gaurav although both of them are unregistered. The reason for the same is that the value of goods supplied is not less than Rs. 200.

Question 10 (5 Marks)

Mr. A and M/s ABC would not be treated as related persons merely because son of the recipient is an employee of the supplier.

Hence, the transaction value will be accepted as the value of the supply. The transaction value includes Any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply.

Hence transport cost of Rs. 10,000 will be included in the value. This means, the transaction value will be Rs.1,10,000 (i.e. 1,00,000 + 10,000).

Question 11 - 4 Marks

Section 25(1) of the CGST Act stipulates the time-period within which registration needs to be obtained in various cases. It provides the following time-limits -

In case of	Registration needs to be obtained
A person who is liable to be registered under section 22 or section 24	Within 30 days from the date on which he becomes liable to registration
A casual taxable person or a non-resident taxable person	At least 5 days prior to the commencement of business

In view of the aforesaid provisions -

- (a) A casual taxable person must obtain registration at least 5 days prior to the commencement of its business.
- (b) As per section 24 of the CGST Act, person making inter-State taxable supply is liable to get compulsorily registered. Therefore, such person must obtain registration within 30 days from the date on which he becomes liable to registration.

Question 12 (6 Marks)

TIME OF SUPPLY

Date of Removal	Date of invoice	Date of payment	Last date of invoice	Time of supply
01.12.17	01.12.17	05.01.18	01.12.17	01.12.17
01.12.17	03.12.17	05.01.18	01.12.17	01.12.17
01.12.17	30.11.17	05.01.18	01.12.17	30.11.17
01.12.17	01.12.17	Date of Entry in books or date of credit in bank, whichever is earlier-03.12.17	01.12.17	01.12.17
01.12.17	25.11.17	20.11.17	01.12.17	20.11.17
01.12.17	25.11.17	Rs. 10,00,000 received, on 25.11.17 Rs. 200,000 received, on 05.01.18	01.12.17	25.11.17 25.11.17
01.12.17	01.12.17	Branch transfer	01.12.17	01.12.17

Question 13 - 3 Marks

Date of Removal	Date of acceptance by Recipient	Date of invoice	Date of payment	Last date of invoice	Time of supply
01.04.18	15.04.18	15.04.18	10.05.18	01.10.18	15.04.18
01.04.18	10.05.18	04.05.18	01.05.18	01.10.18	01.05.18
01.04.18	08.10.18	08.10.18	12.10.18	01.10.18	01.10.18
