



INTER CA – NOVEMBER 2018

Sub: INDIRECT TAXATION

Topics – Time and value of supply, Registration,
Payment of taxes, Returns, Input Tax Credit.

Test Code – N2

Branch: Multiple

Date: 26/04/2018

(50 Marks)

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 (3 Marks)

As per the provisions of section 31, invoice shall be issued before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods.

Accordingly, in the given case, the invoice must be issued on or before 29th September.

Question 8 (3 Marks)

Continuous supply of service means, inter alia, supply of any service which is provided, or agreed to be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months with the periodic payment obligations.

Therefore, the given situation is a case of continuous supply of service as repair and maintenance services have been provided by MBM Caretakers on a quarterly basis, under a contract, for a period of one year with the obligation for quarterly payment.

In terms of section 31, in case of continuous supply of service, where due date of payment is ascertainable from the contract (as in the given case), invoice shall be issued on or before the due date of payment.

Therefore, in the given case, MBM Caretakers should issue quarterly invoices on or before April 1, July 1, October 1, and January 1.

Question 9 (5 Marks)

As per section 25 read with CGST Rules, 2017, where an applicant submits application for 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 Rs. 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.

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
