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SUGGESTED SOLUTION

INTERMEDIATE MAY 2019 EXAM

SUBJECT- IDT

Test Code - CIM 8114

BRANCH - () (Date :)

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Answer 1:

1) B 2) A 3) D 4) A 5) A 6) B 7) A 8) B 9) A 10) A

Answer 2:

(A)

- (i) A supplier of services engaged in the supplies other than the supplies referred to in clause (b) of paragraph 6 of Schedule II of CGST Act i.e. supply by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink, is not eligible for composition levy. Since Mohan provides legal services, he is not eligible for composition scheme.
- (ii) Since supplier of inter-State outward supplies of goods is not eligible for composition levy, Sugam Manufacturers is not eligible for composition levy.

(B)

- A comprehensive tax structure covering both goods and services viz. Goods and Service Tax (GST) addresses these problems. Simultaneous introduction of GST at both Centre and State levels has integrated taxes on goods and services for the purpose of set-off relief and ensures that both the cascading effects of CENVAT and service tax are removed and a continuous chain of set-off from the original producer's point/ service provider's point upto the retailer's level/ consumer's level is established.
- In the GST regime, the major indirect taxes have been subsumed in the ambit of GST. The erstwhile concepts of manufacture or sale of goods or rendering of services are no longer applicable since the tax is now levied on "Supply of Goods and/or services".

Answer 3:

(A)

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 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.

(B)

- (a) Supply of services
(b) Supply of goods

- (c) Supply of services
- (d) Supply of goods

Answer 4:

(A) Computation of GST payable —

Particulars	Rs.
Total Rent	5,00,000
Less:	
1. Rent from vacant land used for agriculture [Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (R)]	50,000
2. Rent from land used for Appu Circus [Liable to GST]	Taxable
3. Properties let for residential purposes [Exempt vide Entry No. 12 of Exemption Notification No. 12/2017-CT (R)]	70,000
4. Building let to hotel [Liable to GST]	Taxable
5. Vacant land, given on lease to M/s. ABC Ltd. for construction of building at a later stage to be used for furtherance of business or commerce [Liable to GST]	Taxable
6. Premises let to a religious body being temple trust [Liable to GST]	Taxable
7. Premises let to a coaching centre [Liable to GST]	Taxable
8. Building let to a theatre [Liable to GST]	Taxable
Total Taxable Value of Supply	3,80,000
GST payable @ 18%	68,400

(B)

India has adopted a dual GST which is imposed concurrently by the Centre and States, i.e. Centre and States simultaneously tax goods and services. Centre has the power to tax intra-State sales & States are empowered to tax services. GST extends to whole of India including the State of Jammu and Kashmir.

GST is a destination based tax applicable on all transactions involving supply of goods and services for a consideration subject to exceptions thereof. GST in India comprises of Central Goods and Service Tax (CGST) - levied and collected by Central Government, State Goods and Service Tax (SGST) - levied and collected by State Governments/Union Territories with State Legislatures and Union Territory Goods and Service Tax (UTGST) - levied and collected by Union Territories without State Legislatures, on intra-State supplies of taxable goods and/or services.

Inter-State supplies of taxable goods and/or services are subject to Integrated Goods and Service Tax (IGST). IGST is approximately the sum total of CGST and SGST/UTGST and is levied by Centre on all inter-State supplies.

Answer 5:

(A)

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.

(B)

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.