

Note: All questions are compulsory.

**Question 1 ( 6 marks)**

**Taxable Event:** Taxable event under GST is Supply of Goods or Supply of Services or both. [Note: As per GST, the term Sale / Services are not used, instead an unified term “Supply” is being used.] (1 mark)

**Meaning of Supply [Sec.7]: (5 marks)**

| Supply includes -  | Supply excludes -  |
|--|--|
| <p>(a) <b>All forms of Supply of Goods or Services</b> or both such as Sale, Transfer, Barter, Exchange, Licence, Rental, Lease or Disposal made or agreed to be made <b>for a consideration</b> by a person in the course or furtherance of business.</p> <p>(b) <b>Import of Services</b> for a consideration whether or not in the course or furtherance of business,</p> <p>(c) <b>Schedule I Activities</b> made or agreed to be made without a consideration, and</p> <p>(d) <b>Schedule II Activities</b> to be treated as Supply of Goods or Supply of Services.</p> | <p>(a) <b>Schedule III Activities</b> or transactions of</p> <p>(b) <b>Activities or transactions undertaken by the Central Government, a State Government of any local authority</b> in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of Goods nor a supply of Services.</p> |

**Question 2 ( 4 marks) (1/2 mark for each point)**

| SCHEDULE I   |
|--|
| Permanent transfer / disposal of business assets where ITC has been availed on such Assets.  |
| Supply of Goods or Services or both between related persons or between distinct person specified u/s 25, when made in the course or furtherance of business.<br>Note: Gifts not exceeding ` 50,000 in value, in a Financial Year by an Employer to employee shall not be treated as supply of Goods or Services or both. |
| Supply of Goods –<br>(a) By a Principal to his agent where the Agent undertakes to supply such Goods on behalf of Principle, or<br>(b) By an Agent to his Principal where the agent undertakes to receive such Goods on behalf the Principal.  |
| Import of Services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.  |

**Question 3 ( 4 marks) (2 marks each)**

| Sec.              | 2(30)  | 2(74)  |
|-------------------|--|--|
| <b>Definition</b> | <ul style="list-style-type: none"> <li>• “Composite Supply” means a Supply made by a taxable Person</li> <li>• To a recipient consisting of two or more taxable supplies of Goods or Services or both, or any combination thereof,</li> <li>• Which are naturally bundled and supplied in conjunction with each</li> </ul> | <ul style="list-style-type: none"> <li>• “Mixed Supply” means two or more individual supplies of Goods or Services, or any combination thereof,</li> <li>• Made in conjunction with each other by a taxable person,</li> <li>• For a single price where such supply does not constitute a</li> </ul> |

|   |   |  |
|---|---|--|
|   | other in the ordinary course of business, one of which is a Principal Supply [See Note]   | composite supply.  |
| <b>Illustration</b>                           | Where Goods are packed and transported with insurance, the supply of Goods, packing materials, transport and insurance is a Composite supply and supply of Goods is a Principal supply. | <ul style="list-style-type: none"> <li>• A supply of a package consisting of canned foods, sweets chocolates, cake, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply.</li> <li>• Each of these items can be supplied separately and is not dependent on any other. If these are supplied separately, then it shall not be considered as mixed supply.</li> </ul> |
| <b>Determination of Tax Liability [Sec.8]</b> | Composite Supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply.  | Mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.  |

**Question 4 ( 4 marks)**

Registered person shall be eligible to opt Composition scheme u/s 9 (1), if he is not engaged in – (3 marks)

- Supply of services other than supplies referred to in Schedule II. Para 6(b)
- Supply of goods which are not leviable to tax under this Act,
- Making any inter – State outward supplies of goods,
- Making any supply of goods through an Electronic Commerce Operator who is required to collect tax at source u/s 52, and
- Manufacture of such goods as may be notified by the Government on the recommendations of the Council. [i.e. Ice Cream, Pan Masala and Tobacco]

**2. Same PAN Number:** When more than Registered Persons are having the same PAN (issued under the Income – tax Act. 1961), the Registered Person shall not be eligible to opt for the scheme u/s 9(I) unless all such registered persons opt to pay tax under that sub – section. [Sec. 10(2)] (1 mark)

**Question 5 ( 4 marks) (2 marks for each point)**

|                                |   |
|--------------------------------|---|
| <b>Principal</b>               | As per Sec: 31(2) (a), if invoice is <b>issued within 30days</b> from the date of Provision of Services, then Time of Supply = Date of issue of Invoice or the date of receipt of payment, whichever is earlier.  |
| <b>Analysis and Conclusion</b> | (a) For Advance Received on 05 <sup>th</sup> April: TOS = <b>05<sup>th</sup> April</b> (being receipt of payment)<br>(b) For Balance Received (Invoice issued within 30 days from completion of Service): TOS = <b>5<sup>th</sup> May</b><br>(Date of Issue of Invoice 5 <sup>th</sup> May, or date of receipt of Payment 14 <sup>th</sup> June, whichever is earlier.) |

**Question 6 (4 marks) (2 marks for each point)**

**Provision:** As per Sec. 15(2), Incidental expenses, including commission and packing, charged by the Supplier to the Recipient of a supply is to be included in the Taxable Value of Supplies.

**2. Analysis & Conclusion:** In this case, the Inspection and Certification Charged incurred by

Mr. C, supplier shall be added to the value of Taxable Supplies. GST shall be charged on the same.

**Question 7 (4 marks) (1 mark for every transaction)**

**Computation of value of taxable supply**

| Particulars                                 |                 | Reason   |
|---|-----------------|--|
| List price of the goods                     | 1,00,000        | Base Price exclusive of Taxes and 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 not 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                 | <b>1,16,000</b> |  |
| Less: Discount @ 4% on ` 1,00,000           | 4,000           | Since discount is known at the time of supply, it is deductible from the value |
| <b>Value of taxable supply</b>              | <b>1,12,000</b> |  |

**Question 8 (4 marks)**

Situation:

1. Government is satisfied that it is necessary in the public interest so to do. **(1 mark)**

2. Grant of Exemption:

(a) By Notification: Based on the recommendations of the GST Council, Government may exempt any goods or services or both of any specified description from the whole or any part of the tax leviable thereon. **(1 mark)**

(b) By Special Order: under circumstances of an exceptional nature. By way of Special Order, Government may exempt from payment of tax any goods or services or both on which tax is leviable. **(1 mark)**

Note: For the purpose of clarifying the scope or applicability of any notification earlier issued by the Government, it may insert an explanation in such notification order, at any time within 1 year of issued of each notification / order.

3. duty of registered person: when an exemption of the tax leviable in respect of goods or services or both has been granted, the registered person supplying such goods or services or both shall not collect tax , in excess of the effective rate, on such supply of goods or services or both. **(1 mark)**

**Question 9 (4 marks)**

The Registered Persons shall furnish the following details in the prescribed Form and Manner **(3 marks)**

| Sr. No. | Registered Person  | Se.   | Period                                   | Due Date   | Declaration   |
|---------|--|-------|--|--|---|
| 1.      | Every registered person <b>other than</b> an input service provider or non-resident taxable person or person paying tax u/s 10, 51 or 52 | 39(1) | For every calendar month or part thereof | On or before the 20 <sup>th</sup> day of the month succeeding such calendar month or part thereof. | Inward and Outward supplies of goods or services or both input tax credit availed, tax payable, tax paid and other particulars as may |

|    |  |        |  |   |  |
|----|--|--------|--|---|--|
|    |  |        |  |   | be prescribed.                               |
| 2. | A Registered person paying tax u/s 10          | 39 (2) | For each quarter or part thereof                       | within 18 days after the end of such quarter  | Inward supplies of goods or services or both |
| 3. | Every Registered person paying tax u/s 51      | 39 (3) | For the month in which such deductions have been made. | within 10 days after the end of such month  | Details of Tax Deducted source               |
| 4. | A Registered Taxable Input Service Distributor | 39 (4) | For every calendar month or part thereof               | within 13 days after the end of such month.   | Details as may be prescribed                 |
| 5. | Every registered non-resident taxable person   | 39(5)  | For every calendar month or part thereof               | within 20 days after the end of a calendar month or within 7 days after the last day of the period of registration u/s 27(1), whichever is earlier. | Details as may be prescribed                 |

Note: Every registered person who is required to return u/s 39(1) (2) shall furnish a return of every tax period whether or not any supplies of goods or services or both have been made during such tax period. [Sec.39(8)]

1. Time Extension [Sec.39(6)]: **(1/2 mark)**

- The Commissioner may, extend the time limit for furnishing such details for such class of taxable persons by way of a notification.
- Any extension of time limit notified by the Commissioner of State Tax or Commissioner of Union Territory Tax shall be deemed to be notified by the commissioner of the Central Tax.

2. Payment of tax [Sec.39(7)]; Every registered taxable person, who is required to furnish a return u/s 39(1), (2), (3) or as the case may be, u/s 39(5), shall pay to the Government the tax due as per such return not later than the last date on which he is required to furnish such return. **(1 mark)**

**Question 10 (4 marks)**

No, GSTN shall migrate all such assesses/dealers to the GSTN network and shall issue a provisional registration certificate with GSTIN number on the appointed day, which after due verification by the departmental officers within six months, will be converted into final registration certificate. For converting the provisional registration to final registration, the registrants will be asked to submit all requisite documents and information required for registration in a prescribed period of time. Failure to do so will result in cancellation of the provisional GSTIN number. **(3 marks)**

The service tax assesses having centralized registration will have to apply afresh in the respective states wherever they have their businesses. **(1 mark)**

**Question 11 (4 marks)**

**Computation of ITC available with XYZ Ltd. for the month of October. 2018**

**(I mark for every transaction)**

| S. No. | Inward supplies | GST (₹)         | Reasons  |
|--------|-----------------|-----------------|--|
| (i)    | Inputs 'A'      | 90,000          | ITC cannot be taken on missing invoice. Registered person should have the invoice in its possession to claim ITC   |
| (ii)   | Inputs 'B'      | Nil             | When inputs are received in instalments, ITC can be availed only on receipt of last instalment.  |
| (iii)  | Capital goods   | Nil             | [input tax paid on capital goods cannot be availed on ITC, if depreciation has been claimed on such tax component.   |
| (iv)   | Input services  | 1,75,000        | [As per section 16(4), ITC on an invoice cannot be availed after the due date of furnishing of the return for the month of September following the end of financial year to which such invoice pertains or the date of filing annual return, whichever is earlier.<br>Since the annual return for the FY 2017 – 18 has been filled on 15 <sup>th</sup> September, 2018 (prior to due date of filing the return for September, 2018 i.e. 20 <sup>th</sup> October, 2018), ITC on the invoice pertaining to FY 2017 – 18 cannot be availed after 15 <sup>th</sup> September, 2018. |
|        | <b>Total</b>    | <b>2,65,000</b> |  |

**Question 12 (4 marks) (2 marks for each)**

- a. A Return Furnished U/S Section 34 (1) by a registered taxable person without payment of full tax due as per that return shall not be treated as a valid return for following input tax credit in respect of supplies made by such person.

Note : u/s section 2 (117) valid return means a return furnished u/s 39(1) on which self – assessed tax has been paid in full.

- b. HSN (Harmonised system of Nomenclature) code shall be used for classifying the goods under the GST regime. Services will be classified as per the Service Accounting Code (SAC)  
Taxpayers whose turnover is above Rs. 1.5 crores but below Rs. 5 crores shall use 2-digit code and the taxpayers whose turnover is Rs. 5 crores and above shall use 4-digit code. Taxpayers whose turnover is below Rs. 1.5 crores are not required to mention HSN Code in their Invoices.

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