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SUBJECT- IDT

Test Code – CIM 8534

BRANCH - () (Date :)

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ANSWER : 1

- (A) Computation of aggregate turnover for eligibility of composition levy scheme of Mr. Zafar

Particulars	Amt. (Rs. in lakhs)
Value of taxable outward supplies (out of above Rs. 10 lakhs was in course of inter – state transactions).	50.00
Value of exempt supplies (70-30)	40.00
Value of inward supplies on which he is liable to pay tax under reverse charge	Nil
Value of exports	5.00
Total aggregate turnover	95.00

As total aggregate turnover is less than Rs. 1.5 crore , so he is eligible for composition levy scheme for the F.Y 2019-20.

(6 MARKS)

- (B) (i) Service by an unincorporated body or a registered non-profit entity, to its own members by way of share of contribution up to an amount of Rs. 7,500 per month per member for sourcing of goods/services from a third person for the common use of its members in a housing society or residential complex, is exempt.

In the given case, monthly contribution per month per member received by Gokul Residents' Welfare Association exceeds Rs.7,500.

Therefore, GST would be payable on the entire amount of Rs. 9000

- (ii) Services by an artist by way of a performance in folk or classical art forms of music, dance, or theatre, if the consideration charged for such performance is not more than Rs. 1,50,000 are exempt from GST.

In the given case, since the consideration received by the performing artist - Mr. Vikalp for performance of classical dance is more than Rs. 1,50,000, said services are not exempt.

Further, consideration received for acting in TV serial is also not exempt since said performance is not in folk/classical art forms of theatre.

(2*2 = 4 MARKS)

ANSWER : 2

- (A) The conditions for availing the concessional rate of tax under Notification No. 2/2019 CT (R) are primarily same as the conditions for availing the composition scheme with few exceptions. The same have been elaborated as under:

- Supplies are made by a registered person who is:

- *not engaged in making any supply which is not leviable to tax under the said Act. Under composition scheme, restriction is only on supply of goods not leviable to tax.*
- *not engaged in making any inter-State outward supply – neither of goods nor of services. This condition is a divergence from the composition scheme where the restriction is only on making inter-State outward supply of goods and not on inter-State outward supply of services.*
- *neither a casual taxable person nor a non-resident taxable person.*
- *not engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52.*

not engaged in making supplies of notified goods, namely, ice cream and other edible ice, whether or not containing cocoa [2105 00 00], Pan masala [2106 90 20] and all goods of Chapter 24, i.e. Tobacco and manufactured tobacco substitutes. Under composition scheme, condition is that the supplier should not be engaged in manufacture of notified goods.

2. The registered person shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.
3. The registered person shall issue a bill of supply** instead of tax invoice. Such bill of supply will have the following words at its top - 'taxable person paying tax in terms of Notification No. 2/2019 CT (R) dated 07.03.2019, not eligible to collect tax on supplies'.

(5 MARKS)

- (B)**
- (i) Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST .Thus, GST is payable in case of services provided to a recognized sports body as curator of national team.
 - (ii) Service of transportation of passengers, with or without accompanied belongings, *inter alia*, by metered cabs are specifically exempt from GST. Thus, GST is not payable in this case.
 - (iii) Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets are not liable to GST as it is specifically exempt. Thus, GST is not payable in this case.
 - (iv) Services provided by a player to a franchisee which is not a recognized sports body is taxable as it is not exempt. Thus, GST is payable in this case.

(4*1 = 4 MARKS)

(C) Schedule I of CGST Act, inter alia, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. Persons shall be deemed to be “related persons” if they are members of the same family. Family means, —

- (i) the spouse and children of the person, and
- (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

In the given case, Raman has received free of cost legal services from his brother. However, Raman and his brother cannot be considered to be related as Raman’s brother is a well-known lawyer and is not wholly/mainly dependent on Raman. Further, Raman has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Raman’s brother to him would not be treated as supply under section 7 read with Schedule I of the CGST Act.

In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman’s brother to him would still not be treated as supply under section 7 of the CGST Act read with Schedule I as although the same are provided in course or furtherance of business, such services have not been received from a related person.

(6 MARKS)

ANSWER : 3

(A)

1. Services by an employee to the employer in the course of or in relation to his employment is neither treated as supply of goods nor supply of services as it is covered under schedule III (negative list) of the CGST Act, 2017
2. Actionable claims, other than lottery, betting and gambling is not treated as supply of goods as per Schedule III (negative list) of the CGST Act, 2017
3. Construction of complex, building, civil structure is treated as supply of services as per list contained in Schedule II of CGST Act, 2017.
4. Stock transfers or branch transfers is treated as supply of goods (deemed supply) as per Schedule I of CGST Act, 2017.

(4*1 = 4 MARKS)

(B)

1. As per section 11 of CGST Act, 2017, Renting of rooms of a religious place meant for general public, owned/managed by institutions/entities/trusts, registered under section 12AA/10(23C)(v) of the Income tax Act or body/authority covered under section 10(23BBA) of the said Act is exempt up to Rs. 1,000 per day.

But here in the question room rent charge is Rs. 1,500 per day (\geq Rs. 1,000 per day). Hence it is chargeable to GST.

2. Yes, Rearing of horses is chargeable to GST.
3. GST is payable. Exemption is available for transportation of goods only where the consideration for transportation of goods on a consignment transported in a single goods carriage does not exceed Rs.1,500.
4. GST is payable. Transportation of goods where consideration for transportation of all goods for a single consignee has exceeded Rs. 750.

(4*1 = 4 MARKS)

(C) As per the APMC Act, the commission agent is a person who buys or sells the agricultural produce on behalf of his principal, or facilitates buying and selling of agricultural produce on behalf of his principal and receives, by way of remuneration, a commission or percentage upon the amount involved in such transaction.

- (i) In cases where the invoice is issued by Kavi to the buyer, the former is an agent covered under Para 3 of Schedule I.
- (ii) In cases where the invoice is issued directly by Ravi to the buyer, the commission agent (Kavi) doesn't fall under the category of agent covered under Para 3 of Schedule I.

(2*1 = 2 MARKS)

ANSWER : 4

- 1. D
- 2. B
- 3. D
- 4. C
- 5. D
- 6. B
- 7. C
- 8. D
- 9. D
- 10.C
- 11.D
- 12.D
- 13.D