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SUBJECT- IDT

Test Code – CIM 8558

BRANCH - () (Date :)

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ANSWER -1

ANSWER –A

- (i) Section 17(5) of the CGST Act, 2017, *inter alia*, blocks input tax credit in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for certain specified purposes.

Since in the given case, the mini bus has a seating capacity of 16 persons, the ITC thereon will not be blocked.

- (ii) Section 17(5) of the CGST Act, 2017, *inter alia*, blocks input tax credit in respect of motor vehicles **for transportation of persons** with certain exceptions. Thus, ITC on motor vehicles for transportation of goods is allowed unconditionally.

Therefore, ITC on trucks purchased by Bangur Ceramics Ltd for transportation of its finished goods from the factory to dealers located in various locations within the country is allowed.

- (iii) Section 17(5) of the CGST Act, 2017, *inter alia*, blocks input tax credit in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for making further supply of such motor vehicles.

Being a dealer of cars, “Hans Premium” has purchased the cars for further supply. Therefore, ITC on such cars is allowed even though seating capacity is less than 13.

- (iv) Section 17(5) of the CGST Act, 2017 *inter alia*, blocks input tax credit in respect of outdoor catering services. However, ITC is available on such services, when the same are provided by an employer to its employees under a statutory obligation.

Thus, in view of the above- mentioned provisions, Sun & Moon packers Pvt. Ltd. can avail ITC in respect of outdoor catering services availed by it as the same is being provided under a statutory obligation.

(4*1 = 4 MARKS)

ANSWER –B

In such a scenario, only one e-way bill would be required. Part A can be filled by the consignor and then the e-way bill will be assigned by the consignor to Mehta Transporter . Mehta Transporter will fill the vehicle details, etc. in Part B and will move the goods from City Ahmedabad to City Kheda .

On reaching City Kheda, Mehta Transporter will assign the said e-way bill to the Parikh Transporter . Thereafter, Parikh Transporter will be able to update the details of Part B. Parikh Transporter will fill the details of his vehicle and move the goods from City Kheda to City Nadiad.

(5 MARKS)

ANSWER -2

ANSWER –A

As per section 22 of the CGST Act, 2017 read with *Notification No. 10/2019 CT dated 07.03.2019*, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra - State taxable supplies of goods is as under:-

- (a) Rs. 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) Rs. 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) Rs. 40 lakh for rest of India. However, the higher threshold limit of Rs. 40 lakh is not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (a) Rs. 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) Rs. 20 lakh for the rest of India.

(1 MARK)

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:-

- (i) Raghav is eligible for higher threshold limit of turnover for registration, i.e. Rs. 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments from a Special Category State i.e. Tripura, the threshold limit gets reduced to Rs. 10 lakh. Thus, Raghav is liable to get registered under GST as his turnover exceeds Rs.10 lakh. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.
- (ii) The applicable threshold limit for registration for Pulkit in the given case is Rs. 40 lakh as he is exclusively engaged in intra-State taxable supply of goods. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.
- (iii) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of Rs.40 lakh. The applicable threshold limit for registration in this case is Rs.20 lakh. Thus, Harshit is liable to get registered under GST.
- (iv) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is Rs. 20 lakh and hence, Ankit is liable to get registered under GST.
- (v) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is Rs. 20 lakh. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.

(5*1 = 5 MARKS)

ANSWER –B**Computation of value of taxable supply**

Particulars	Rs.
Price of the machine (Price Rs. 30,000 - Rs. 5,000 subsidy) [Note-1]	25,000
Third party inspection charges [Note-2]	5,000
Freight charges for delivery of the machine value [Note-3]	2,000
Total	32,000
Less: Discount @ 2% on Rs. 30,000 being price charged to BP Ltd. [Note-4]	<u>600</u>
Value of taxable supply	<u>31,400</u>

Notes:-

1. Since subsidy is received from State Government, the same is deductible to arrive at taxable value under section 15 of the CGST Act, 2017.
2. Any amount that the supplier is liable to pay in relation to such supply but has been incurred by the recipient, is includible in the value of supply under section 15 of the CGST Act, 2017.
3. Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply.
4. Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply under section 15 of the CGST Act, 2017.

(4 MARKS)**ANSWER -3****ANSWER –A****Computation of minimum GST payable in cash by Mr. X on outward supplies**

S.No.	Particulars	(Rs.)	GST (Rs.)
(i)	Intra-State supply of goods		
	CGST @ 9% on Rs. 8,00,000	72,000	
	SGST @ 9% on Rs. 8,00,000	<u>72,000</u>	1,44,000
(ii)	Inter-State supply of goods		
	IGST @ 18% on Rs. 3,00,000		54,000
	Total GST payable		1,98,000

(2 MARKS)

Computation of total ITC

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	57,000	Nil	70,000
Add: ITC on Intra-State purchases of goods valuing Rs. 2,00,000	18,000	18,000	Nil
Add: ITC on Inter-State purchases of goods valuing Rs. 50,000	Nil	Nil	9,000
Total ITC	75,000	18,000	79,000

(3 MARKS)**Computation of minimum GST payable from cash ledger**

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
GST payable	72,000	72,000	54,000
Less: ITC	(Nil)-IGST	(25,000)-IGST	(54,000)-IGST
	(72,000)-CGST	(18,000) – SGST	
Minimum GST payable in cash	Nil	29,000	Nil

Note : Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

(3 MARKS)**ANSWER –B**

As per section 13(3) of CGST Act, 2017, the time of supply in case of services of reverse charge basis is earlier of the following:

1. Date of Payment,

OR

2. Date immediately following 60 days from issue of invoice by the supplier

(i) **When we consider the invoice date to be 06.10.2018**

-For advance payment of 50,000

Date of payment on 05.09.2018 ,

Date immediate following 60 days from issue of invoice by the supplier is 06.12.2018.
The earlier of the following is 05.09.2018

Time of supply for Rs. 50,000 is 05.09.2018.

The date of payment for the rest of the amount(1,50,000) is on 12.12.2018,

the immediate 60 days from invoice is 06.12.2018

.The earliest of the following is 06.12.2018

Time of supply for Rs. 1,50,000 is 06.12.2018

(ii) When we consider the invoice date to be 17.12.2018

-For advance payment of 50,000

Date of payment on 05.09.2018 ,

Date immediate following 60 days from issue of invoice by the supplier is 16.2.2019

The earlier of the following is 05.09.2018

Time of supply for Rs. 50,000 is 05.09.2018.

The date of payment for the rest of the amount(1,50,000) is on 12.12.2018,

the immediate 60 days from invoice is 16.02.2019

.The earliest of the following is 06.12.2018

Time of supply for Rs. 1,50,000 is 12.12.2018

(4 MARKS)

ANSWER –4

ANSWER –A

1. No, Mr. Kolly is not correct.

GSTR-1 needs to be filed even if there is no business activity (Nil Return) in the tax period. Therefore, in the given case, even though Mr. Kolly was out of India and thus had not done any transaction during February 2018, he is still required to file GSTR- 1 for the said month.

2. A person paying tax under composition scheme is not liable to furnish the details of outward supplies in GSTR-1.

Further, in cases where a taxpayer has been converted from a normal taxpayer to composition taxpayer, GSTR-1 is to be filed only for the period during which the taxpayer was registered as normal taxpayer.

Therefore, in the given case, Mr. Kaji is not liable to file GSTR-1 for February, 2018 since he had already shifted to composition scheme on 15.01.2018.

3. There is no specific bar under the law on filing of GSTR-1 for current month when GSTR-1 for the previous month has not been filed.

Therefore, in the given case, Mrs Zeel can file GSTR-1 for July, 2018 even though she has not filed GSTR-1 for the preceding month, i.e., June, 2018.

Note: Question specifies that Mr. Kaji has converted from normal taxpayer to composition tax payer on 15.01.2018. However, as per rule 4(1) of the CGST Rules, 2017, the option to pay tax under composition scheme shall be effective from the beginning of the financial year, where the intimation is filed by any registered person who opts to pay tax under section 10.

Further, as per rule 3(3A) of the CGST Rules, 2017, a person who has been granted certificate of registration under sub-rule (1) of rule 10 may opt to pay tax under composition scheme with effect from the first day of the month immediately succeeding the month in which he files an intimation on the common portal on or before the 31st day of March, 2018.

(3*2 = 6 MARKS)

ANSWER –B

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.

(4 MARKS)

ANSWER –5

- 1. B**
- 2. A**
- 3. A**
- 4. A**
- 5. C**
- 6. C**