

**INTER CA**  
**MAY '19**  
**REVISION NOTES**  
**INDIRECT TAX**

**CHAPTER 1 – INTRODUCTION**

**Q.1.** List any six state levies, which are subsumed in GST.

**(May 2018)**

**Ans.** The State levies which are subsumed in GST are as under:-

- State surcharges and cesses in so far as they relate to supply of goods & services
- Entertainment Tax (except those levied by local bodies)
- Tax on lottery, betting and gambling
- Entry Tax (All Forms) & Purchase Tax
- VAT/ Sales tax
- Luxury Tax
- Taxes on advertisements

**Note:** Any of the six points may be mentioned.

**CHAPTER 2 – SUPPLY UNDER GST**

**Q.1.** Explain the meaning of supply as per provisions of Section 7(1) of Central Goods and Service Tax Act, 2017.

**(Nov 2018)**

**Q.2.** List any four activities which shall be neither treated as supply of goods nor a supply of services under the GST law.

**(RTP – Nov 18)**

**Ans.** Section 7(2)(a) of CGST Act, 2017 read with Schedule III specifies the activities or transactions which shall be treated neither as a supply of goods nor a supply of services:

- (i) Services by an employee to the employer in the course of or in relation to his employment.
- (ii) Services by any court or Tribunal established under any law for the time being in force.
- (iii)
  - (a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
  - (b) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
  - (c) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
- (iv) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- (v) Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.
- (vi) Actionable claims, other than lottery, betting and gambling. [Note:- Any four points may be mentioned.]

**Q.3.** Examine whether the activity of import of service in the following independent cases would amount to supply under section 7 of the CGST Act, 2017?

**(RTP – Nov 18)**

- (i) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.

- (ii) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from her son, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.
- (iii) Miss Shriniti Kaushik received vastu consultancy services for her business premises located at Bandra, Mumbai from her son, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.

**Ans. (i)** Supply, under section 7 of the CGST Act, 2017, inter alia,

- Includes import of services for a consideration
- Even if it is not in the course or furtherance of business.

Thus, although the import of service for consideration by Miss. Shriniti Kaushik is not in course or furtherance of business, as the vastu consultancy service has been availed in respect of residence, it would amount to supply.

- (ii) Section 7 of the CGST Act, 2017 read with Schedule I provides 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.

In the given case, import of service without consideration by Miss Shriniti from her son – Mr. Varun [son, being member of the same family, is a related person] will not be treated as supply as it is not in course or furtherance of business.

- (iii) Section 7 of the CGST Act, 2017 read with Schedule I provides 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.

Thus, import of service without consideration by Miss Shriniti from her son – Mr. Varun (son, being member of the same family, is a related person) will be treated as supply as she receives vastu consultancy service for her business premises, i.e. in course or furtherance of business.

### **CHAPTER 3 – CHARGE OF GST**

**Q.1.** Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.

- (i) Mr. Raghu provided sponsorship services to WE-WIN Cricket Academy, an LLP.
- (ii) 'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm which is not registered under GST. **(Nov 2018)**

**Q.2.** Sahab Sales, an air-conditioner dealer in Janakpuri, Delhi, needs 4 air-conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply under section 7 of the CGST Act, 2017.

Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air-conditioner to Sahab Sales for ₹ 5,000. Aakash had bought the said air-conditioner six months before, for his residence. Does sale of the air conditioner by Aakash to Sahab Sales amount to supply under section 7 of the CGST Act, 2017? **(RTP – May 18)**

**Ans.** Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply:

- (a) Supply should be of goods and/or services.
- (b) Supply should be made for a consideration.
- (c) Supply should be made in the course or furtherance of business.

Further, Schedule I of the CGST Act, 2017 illustrates the activities to be treated as supply even if made without consideration. One such activity is permanent transfer or disposal of business assets where input tax credit has been availed on such assets, i.e. said activity is to be treated as supply even if made without consideration. In view of said provisions, permanent transfer of air conditioners by Sahab Sales from its stock for personal use at its residence, though without consideration, would amount to supply.

However, sale of air-conditioner by Aakash to Sahab Sales will not qualify as supply under section 7 of the CGST Act, 2017 as although it is made for a consideration, but its not in the course or furtherance of business.

**Q.3.** M/s. Handsome and Likemi Company, a partnership firm at Mumbai is running a mobile phone showroom. Along with mobile phone showroom, it is also engaged in providing health and fitness services.

Turnover of the mobile phone showroom was ₹ 78 lakh and receipts of the health and fitness service was ₹ 26 lakh in the preceding financial year.

- (i) With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme,
- (ii) Will your answer change, if the turnover of the mobile phone showroom was ₹ 74 lakh and receipts of the health and fitness service was ₹ 18 lakh in the preceding financial year?
- (iii) If M/s. Handsome and Likemi Company obtain separate registration for their mobile phone showroom & for health fitness centre, can it opt for composition scheme only for mobile phone showroom?

**(RTP - Nov 18)**

**Ans.** A registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1 crore [₹ 75 lakh in case of special category States except Jammu and Kashmir and Uttarakhand], may opt for composition scheme vide section 10 of CGST Act, 2017.

However, he shall not be eligible to opt for composition scheme if, inter alia, he is engaged in the supply of services other than restaurant services.

- (i) In the given case, since M/s Handsome and Likemi Company is engaged in supply of health and fitness service, it is not eligible to opt for composition scheme irrespective of its turnover in the preceding financial year.
- (ii) The answer will remain the same i.e., M/s. Handsome & Likemi Company will not be eligible to opt for composition scheme even with the change in the turnovers.
- (iii) Where more than one registered persons are having the same Permanent Account Number, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme.

Therefore, M/s. Handsome and Likemi Company will not be able to opt for composition scheme only for mobile phone showroom as all the registrations under the same PAN have to opt for composition scheme and since the supply of health and fitness service is ineligible for composition scheme, supply of mobile phones too becomes ineligible for composition scheme.

**Q.4.** With reference to the provisions of GST law, briefly answer the following questions:-

- (a) Income is received by Maharashtra Government from renting of immovable property to Ganpati Morya Pvt. Ltd., registered in Maharashtra (Turnover of the company was ₹ 18 lakh in the preceding financial year). Is GST payable in the present case? If yes, who is liable to pay the same?
- (b) Mr. Vivek Goyal, director of A2Z Pvt. Ltd. Company has received sitting fee amounting to ₹ 1 lakh from A2Z Pvt. Ltd for attending the Board meetings.

**(RTP - Nov 18)**

**Ans. (a)** Notification No. 12/2017 CT (R) dated 28.06.2017 has inter alia exempted the services provided by the State Government to a business entity with an aggregate turnover of up to ₹ 20 lakh (₹ 10 lakh in case of a Special Category States) in the preceding FY. However, the same shall not apply to services by way of renting of immovable property.

In the given case, services by way of renting of immovable property is provided by Maharashtra Government to Ganpati Morya Pvt. Ltd, registered in Maharashtra. Therefore, the above exemption will not apply in this case even though the turnover of the company was less than ₹ 20 lakh in the preceding financial year. Thus, GST is payable in the given case.

Notification No. 13/2017 CT (R) dated 28.06.2017 as amended inter alia provides that reverse charge is applicable in case of services supplied by the State Government by way of renting of immovable property to a person registered under the Central Goods and Services Tax Act, 2017. Thus, GST is payable by Ganpati Morya Pvt. Ltd., being a registered person in the present case.

- (b) Notification No. 13/2017 CT (R) dated 28.06.2017 inter alia provides that GST on supply of services by director of a company to the said company located in the taxable territory is payable on reverse charge basis.

Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., A2Z Pvt. Ltd. Company.

**Q.5.** M/s Sai Trading Company, an eligible registered dealer in goods making intra-state supplies within the state of Andhra Pradesh, has reported an aggregate turnover of ₹ 78 Lakhs in the preceding financial year.

- (i) Determine whether Sai Trading Company will be eligible for composition levy, as on 31-10-2017.
- (ii) Will your answer be different, if in the above scenario, M/s Sai Trading Company is making intra state supply within the state of Jammu and Kashmir?

**Ans. (i)** Section 10 of CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹1 crore may opt for composition scheme. The turnover limit is ₹ 75 lakh in case of Special Category States. However, for Jammu and Kashmir and Uttarakhand, the turnover limit is ₹ 1 crore only.

In the given case, the applicable turnover limit for composition scheme will be ₹ 1 crore as Andhra Pradesh is not a Special Category State.

Further, since the aggregate turnover of the registered person in the given case does not exceed ₹ 1 crore and it satisfies other conditions of composition scheme namely, not making inter-State supplies of goods, it is eligible for composition levy.

- (ii) Since the turnover limit for determining the eligibility for composition scheme in the State of Jammu and Kashmir is also ₹ 1 crore, Sai Trading Company will be eligible for composition levy with other condition of not making inter-State supplies of goods being fulfilled.

**Q.6.** List the inclusions and exclusions for computing the "Aggregate Turnover" under CGST Act, 2017. (May 2018)

**Ans. Aggregate turnover includes the aggregate value of all:**

- (i) Taxable supplies,
- (ii) Exempt supplies,
- (iii) Exports of goods and/or services and
- (iv) Inter – State supplies of persons having the same PAN., to be computed on all India basis.

**Aggregate turnover excludes: -**

- (i) Value of inward supplies on which tax is payable by a person on reverse charge basis,
- (ii) Central tax, State tax, Union territory tax, integrated tax and
- (iii) Cess

## **CHAPTER 4 – EXEMPTIONS**

**Q.1.** Decide with reason whether the following independent services are exempt under CGST Act, 2017 :

- (i) M/s Fast Trans, a goods transport agency, transported relief materials meant for victims of Kerala floods being a natural disaster, by road from Delhi to Ernakulam, for a Limited Co.
- (ii) Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition at Pragati Maidan in New Delhi as part of Make in India initiative. (Nov 2018)

**Q.2.** Examine whether GST is payable in the following independent supply of services:

- (i) Indian Engineering College, a recognised educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants.
- (ii) Ramfal Lalaji, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of ₹ 6,000. (RTP - Nov 18)

**Ans. (i)** Services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017 as amended.

Since in the given case, services provided by Indiana Engineering College, an educational institution are by way of conduct of entrance examination against entrance fee, the same is exempt and thus, GST is not payable in this case.

- (ii) Services by way of fumigation in a warehouse of agricultural produce are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017 as amended. In the present case, since Gupta Pest Control Co. provides services by way of fumigation in the warehouse of sugarcane [being an agricultural produce], said services are exempt and GST is not payable on the same.



**Q.3.** Examine whether GST is exempted on the following independent supply of services:

- (i) Teja & Co, a tour operator, provides services to a foreign tourist for tour conducted to Jammu Kashmir and receives a sum of ₹ 3,00,000.
- (ii) Ms. Poorva acts as a Team Manager for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Multi brand retail company and received a remuneration of ₹ 2,00,000. **(May 2018)**

- Ans.**
- (i) Services provided by a tour operator to a foreign tourist are exempt from GST provided such services are in relation to a tour conducted wholly outside India. Thus, since in the given case, services provided by Teja & Co. are in relation to a tour conducted within India, the same are not exempt from GST.
  - (ii) Services provided by a team manager to a recognised sports body for participation in a sporting event are exempt from GST provided said sporting event is organised by a recognised sports body. Thus, since in the given case, the sporting event is not organised by a recognised sports body, the services provided by Ms. Poorva are not exempt from GST.

## **CHAPTER 5 – TIME & VALUE OF SUPPLY**

**Q.1.** Ms. Achintya a registered supplier in Kochi (Kerala State) has provided the following details in respect of her supplies made within Intra-State for the month of March 2019 :

Particulars	Amount in ₹
(i) List price of goods supplied intra-state (exclusive of items given below from ii to v)	3,30,000
(ii) Swachh Bharat cess levied on sale of the goods	12,500
(iii) Packing expenses charged separately in the invoice	10,800
(iv) Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	
(v) Subsidy received from State Govt, for encouraging women entrepreneurs.	5,000

Compute the value of taxable supply and the gross GST liability of Ms. Achintya for the month of March 2019 assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST. **(Nov 2018)**

**Q.2.** Raman Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Sahil Traders and Jaggi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Raman Ltd. has furnished the following details for the current month:

Sr. No	Particulars	Sahil Traders (₹)	Jaggi Motors Ltd. (₹)
(i)	Price of the goods (excluding GST)	20,000	15,000
(ii)	Packing charges	600	
(iii)	Commission	400	
(iv)	Weighment charges		1,000
(v)	Discount for prompt payment (recorded in the invoice)		500

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Raman Ltd. for the given month. Assume the rates of taxes to be as under:

Particulars	Rate of tax
Central tax (CGST)	9%
State Tax (SGST)	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary.

**Note:** The supply made to Sahil Traders is an inter-State supply.

**(RTP - May 18)**

**Ans.**

**Computation of GST liability**

S. No.	Particulars	Sahil Traders (₹)	Jaggi Motors Ltd. (₹)
(i)	Price of goods	20,000	15,000
(ii)	Add: Packing charges (Note-1)	600	
(iii)	Add: Commission (Note-1)	400	
(iv)	Add: Weighment charges (Note-1)	-	1,000
(v)	Less: Discount for prompt payment (Note-2)	<u>-</u>	<u>500</u>
	Value of taxable supply	21,000	15,500
	<b>IGST payable @ 18% (Note-3)</b>	<b>3,780</b>	
	<b>CGST payable @ 9% (Note-4)</b>		<b>1,395</b>
	<b>SGST payable @ 9% (Note-4)</b>		<b>1,395</b>

**Notes:**

- Incidental expenses, including commission and packing, charged by supplier to recipient of supply is includible in the value of supply. Weighment charges are also incidental expenses, hence includible in the value of supply [Section 15 of the CGST Act, 2017].
- Since discount is known at the time of supply, it is deductible from the value in terms of section 15 of the CGST Act, 2017.
- Since supply made to Sahil Traders is an inter-State supply, IGST is payable in terms of section 5 of the IGST Act, 2017.
- Since supply made to Jaggi Motors Ltd. is an intra-State supply, CGST & SGST is payable on the same.

**(RTP May 2018)**

**Q.3.** Royal Sweet Co., Delhi, a registered supplier, has furnished the details of the following few transactions which took place in November, 20XX:

S.No.	Date	Particulars	Date of invoice	Amount (₹)
(i)	11.11.20XX	Payment made to an advocate in Delhi	07.07.20XX	1,25,000
(ii)	20.11.20XX	Paid sitting fee to Director from Haryana for meeting held in Delhi on 15.10.20XX [Inter-State supply]	15.10.20XX	75,000



Assume the rates of taxes to be as under:-

Particulars	Rate
CGST	9%
SGST	9%
IGST	18%

You are required to compute GST [CGST & SGST/IGST, as the case may be] payable for the month of November, 20XX along with time of supply of the aforementioned activities. **(RTP – May 18)**

**Ans. Computation of GST payable for the month of November, 20XX**

S. No	Particulars	Time of supply of services	CGST (₹)	SGST (₹)	IGST (₹)	Interest (₹)
(i)	Services from an advocate in Delhi	06.09.20XX [Note-1 & 3]	11,250	11,250	-	244 [Note-4]
(ii)	Director's Sitting fee	20.11.20XX [Note-2 & 3]	-	-	13,500	

**Notes:**

- Services supplied by an individual advocate to any business entity located in the taxable territory is a notified service on which tax is payable on reverse charge basis by the recipient of services.
- Services supplied by a director of a company to the said company is a notified service on which tax is payable on reverse charge basis by the recipient of services.
- As per section 13 of the CGST Act, 2017, the time of supply of services in case of reverse charge is earliest of the following:-
  - Date of payment as entered in the books of account of the recipient or the date on which the payment is debited to his bank account, whichever is earlier, or
  - Date immediately following 60 days since the date of issue of invoice.
 Provisions of time of supply as provided under section 13 of the CGST Act are also applicable for inter-State supply vide section 20 of the IGST Act.  
 In view of the aforesaid provisions, the time of supply and due date for payment of tax in the given cases would be determined as under:
  - Time of supply of the services is the date immediately following 60 days since the date of issue of invoice, i.e. 06.09.20XX. The due date for payment of tax is 20.10.20XX with return of September, 20XX.
  - Time of supply of service is 20.11.20XX and due date for payment of tax is 20.12.20XX with return of December, 20XX.
- The due date for payment of tax in case (i) is 20.10.20XX with return of September, 20XX. However, the payment of tax is actually made on 11.11.20XX. Thus, payment of tax is delayed by 22 days.

In case of delayed payment of tax, interest @ 18% per annum is payable for the period for which the tax remains unpaid starting from the day succeeding the day on which such tax was due to be paid [Section 50 of the CGST Act, 2017 read with Notification No. 13/2017 CT dated 28.06.2017]. In view of the same, in the given case, interest payable would be as follows:

Amount of interest payable = ₹ 22,500 × 18% × 22/365 = ₹ 244 (rounded off)

**(RTP – May 2018)**

**Q.4.** Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4th January, 20XX. For the occasion, it gets the makeover of its models done by Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is ₹ 5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February, 20XX showing the lumpsum amount of ₹ 5,90,000 inclusive of CGST and SGST @ 9% each. Royal Fashions made the payment the very next day. Answer the following questions:

- (i) Examine whether the tax invoice has been issued within the time limit prescribed under law?
- (ii) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions?

**(RTP – May 2018)**

**Ans.(i)** As per section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/banking company or financial institutions including NBFCs] from the date of supply of service.

In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service i.e. upto 03.02.20XX. However, the invoice has been issued on 10.02.20XX.

In such a case, the time of supply as per section 13 of the CGST Act, 2017 would be 04.01.20XX i.e. earliest of the following:

- (a) Date of provision of service (04.01.20XX)
  - (b) Date of receipt of payment (11.02.20XX)
- (ii) Section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, inter alia, provides that tax invoice shall contain the following particulars-
- (a) Total value of supply of goods or services or both;
  - (b) Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
  - (c) Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law. In the present case, the tax amount has not been shown separately in the invoice.

**Note :**

GST law is in its nascent stage and has been subject to frequent changes. Although many clarifications have been issued in the last six months by way of FAQs or otherwise, many issues continue to arise on account of varying interpretations on several of its provisions. Therefore, alternate answers may be possible for the above questions depending upon the view taken.

**Q.5.** Red Pepper Ltd., Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-State supply made by it for the month of March, 20XX.

Particulars	Amount in (₹)
List price of goods supplied inter-state (exclusive of taxes)	15,00,000
Subsidy received from Central Government for supply of taxable goods to Government School.	2,10,000
Subsidy received from a NGO for supply of taxable goods to an old age home	50,000
Tax levied by Municipal Authority	20,000
Packing charges	15,000
Late fee paid by the recipient of supply for delayed payment of invoice	6,000

The list price of the goods takes into account the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price. Calculate the value of taxable supply made by M/s Red Pepper Ltd. for the month of March, 20XX. Rate of IGST is 18%.  
(RTP - Nov 18)

**Ans.** Computation of value of taxable supply made by Red Pepper Ltd. for the month of March, 20XX

Particulars	₹
List price of the goods	15,00,000
Add: Subsidy amounting to ₹ 2,10,000 received from Central Government [Since subsidy is received from Government, the same is not includible in the value in terms of section 15 of the CGST Act, 2017]	NIL
Subsidy received from NGO [Since subsidy is received from a non-Government body, the same is includible in the value in terms of section 15 of the CGST Act, 2017]	50,000
Tax levied by the Municipal Authority [Includible in the value as per section 15 of the CGST Act, 2017]	20,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15 of the CGST Act, 2017]	15,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15 of the CGST Act, 2017]	5,085
(assumed to be inclusive of taxes) [ ₹ 6,000 x 100/118] rounded off	
<b>Value of taxable supply</b>	<b>15,90,085</b>

**Q.6.** Explain the meaning of the term “date of receipt of payment” as per section 13 of the CGST Act, 2017.  
(RTP - Nov 18)

**Ans.** “Date of receipt of payment” in terms of section 13 of CGST Act, 2017 refers to the

- date on which the payment is recorded in the books of account of the entity (supplier of service) that receives the payment, or
- the date on which the payment is credited to the entity’s bank account, whichever is earlier.

**Q.7.** Candy Blue Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October 2017 :

Particulars	Amount in (₹)
(i) List price of goods supplied inter -state <b>Item already adjusted in the price given in (i) above</b>	12,40,000
(1) Subsidy from Central Government for supply of Biscuits to Government School.	1,20,000
(2) Subsidy from Trade Association for supply of quality Biscuits. <b>Items not adjusted in the price given in (1) above:</b>	30,000
(3) Tax levied by Municipal Authority	24,000
(4) Packing Charges	12,000
(5) Late fee paid by me recipient of supply for delayed Payment of invoice	5,000

Calculate the Value of taxable supply made by M/s Candy Blue Ltd. for the month of October 2017.

**Q.8.** M/s Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. Determine the time of supply from the following information furnished by it:

- (i) Goods were supplied on 03-10-2017
- (ii) Invoice was issued on 05-10-2017
- (iii) Payment received on 09-10-2017

## **CHAPTER 6 – INPUT TAX CREDIT**

**Q.1.** Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka State) has provided the following information for the month of February 2019:

Particulars	Amount in ₹
(i) Intra-state taxable supply of service	5,20,000
(ii) Legal fee paid to a Lawyer located within the state	20,000
(iii) Rent paid to the State Govt, for his office building	30,000
(iv) Received for services towards conduct of exams to Love all University, Pune (recognized by law), being an inter-state transaction	16,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Thiraj for the month of February 2019. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively. All the amounts given above are exclusive of taxes.

**(Nov 2018)**

**Q.2.** CANWIN Ltd., a registered supplier, is engaged in manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 2019:

Particulars	GST paid ₹
(i) Purchase of Machinery where debit note is issued	1,15,000
(ii) Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000
(iii) Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	50,000
(iv) Works Contract services availed for construction of Staff quarters within the company premises	4,25,000

Determine the amount of ITC available to M/s. CANWIN Ltd. for the month of January 2019 by giving brief explanations for treatment of various items. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled. **(Nov 2018)**

**Q.3.** From the following information, compute the Net GST payable for the month of March 2019:

Amount in ₹

	Output GST	Opening ITC as per credit ledger
CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

**(Nov 2018)**

**Q.4. (i)** Tirupati Traders, a registered supplier of goods, pays GST [CGST & SGST or IGST, as the case may be] under regular scheme. It has furnished the following particulars for a tax period:-

Particulars	₹
Value of intra-State supply of goods	12,000
Value of intra-State purchase of goods	10,000

**Note:**

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- Both inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by Tirupati Traders during the given tax period assuming that there is no opening balance of input tax credit (ITC). Make suitable assumptions wherever required. **(RTP - May 18)**

**(ii)** Govind, a registered supplier, is engaged in providing services in the neighbouring States from his registered office located in Mumbai. He has furnished the following details in respect of the inward and outward supplies made during a tax period:-

Particulars	₹
Inter-State supply of services	1,80,000
Receipt of goods and services within the State	1,00,000

Assume the rates of taxes to be as under:-

Particulars	Rate
CGST	9%
SGST	9%
IGST	18%

**Note:**

- Both inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by Govind during the given tax period. Make suitable assumptions if required. **(RTP – May 18)**

**Ans. (i)** Computation of net GST payable

Particulars	CGST (₹)	SGST (₹)
GST payable on intra-State supply of goods [Being an intra-State supply, CGST and SGST is payable on the same]	1,080 (₹12,000 × 9%)	1,080 (₹12,000 × 9%)
Less: Input tax credit (ITC) on intra-State purchase of goods [CGST and SGST paid on the intra-State purchases of goods]	900 (₹10,000 × 9%)	900 (₹10,000 × 9%)
Net GST payable	180	180

**(ii)** Computation of net GST payable by Govind

Particulars	₹
IGST @ 18% payable on inter-State supply of services [Being an inter-State supply, IGST is payable on the same in terms of section 5 of the IGST Act, 2017]	32,400 [1,80,000 × 18%]
Less: ITC of CGST @ 9% paid on intra-State receipt of goods and services	9,000
[Cross utilisation of CGST towards IGST]	[1,00,000 × 9%]
Less: ITC of SGST @ 9% paid on intra-State receipt of goods and services [Cross utilisation of SGST towards IGST]	<u>9,000</u> [1,00,000 × 9%]
<b>Net GST payable in cash</b>	<b>14,400</b>

**Note:**

- CGST shall first be utilised towards payment of CGST and the amount remaining, if any, be utilised towards the payment of IGST [Section 49 of the CGST Act, 2017].
- SGST shall first be utilised towards payment of SGST and the amount remaining, if any, may be utilised towards the payment of IGST [Section 49 of the CGST Act, 2017].

**Q.5.** Shipra Traders is a registered supplier of goods in Assam. It purchased goods valued at ₹ 10,000 from Kartik Suppliers located within the same State. Kartik Suppliers charged CGST & SGST separately in its invoice. Subsequently, Shipra Traders sold goods valuing ₹ 9,500 to Rabina Manufacturers located in Assam. 20% of the inputs purchased are still lying in stock and there was no opening stock of goods. Rate of



CGST and SGST on supply and purchase of goods is 9% each. Calculate the net GST payable by Shipra Traders and input tax credit (ITC) to be carried forward, if any.

(RTP May 2018)

Ans. **Computation of net GST payable by Shipra Traders**

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)
GST payable on intra-State supply of goods	855	855
[Being an intra-State supply, CGST and SGST is payable on the same]	[9,500 × 9%]	[9,500 × 9%]
Less: ITC on intra-State purchase of goods	900	900
[ITC of CGST and SGST paid on intra-State purchase is available in full, even if some inputs are lying in stock]	[10,000 × 9%]	[10,000 × 9%]
<b>Net GST payable</b>	<b>Nil</b>	<b>Nil</b>
<b>Input tax credit carried forward in Electronic Credit Ledger</b>	<b>45</b>	<b>45</b>

**Q.6.** Granites Textiles Ltd. purchased a needle detecting machine on 8th July, 2017 from Makhija Engineering Works Ltd. for ₹ 10,00,000 (excluding GST) paying GST @ 18% on the same. It availed the ITC of the GST paid on the machine and started using it for manufacture of goods. The machine was sold on 22nd October, 2018 for ₹ 7,50,000 (excluding GST), as second hand machine to LT. Pvt. Ltd. The GST rate on supply of machine is 18%.

State the action which Granites Textiles Ltd. is required to take, if any, in accordance with the statutory GST provisions on the sale of the second-hand machine.

(RTP May 2018)

**Ans.** Section 18 of the CGST Act, 2017 read with the CGST Rules, 2017 provides that if capital goods or plant and machinery on which input tax credit has been taken are supplied outward by the registered person, he must pay an amount that is the higher of the following:

- input tax credit taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods (i.e., input tax credit pertaining to remaining useful life of the capital goods), or
- tax on transaction value.

Accordingly, the amount payable on supply of needle detecting machine shall be computed as follows:

Particulars	₹	₹
Input tax credit taken on the machine (₹ 10,00,000 × 18%)		1,80,000
Less: Input tax credit to be reversed @ 5% per quarter for the period of use of machine	27,000	<u>27,000</u>
(i) For the year 2017-18 = (₹ 1,80,000 × 5%) × 3 quarters		
(ii) For the year 2018-19 = (₹ 1,80,000 × 5%) × 3 quarters		54,000
Amount required to be paid (A)		1,26,000
Duty leviable on transaction value (₹ 7,50,000 × 18%) (B)		1,35,000
Amount payable towards disposal of machine is higher of (A) and (B)		1,35,000

**Q.7.** M/s. Shri Durga Corporation Pvt. Ltd. is a supplier of goods and services at Kolkata. It has furnished the following information for the month of February, 20XX:

Sr. No	Particulars	Amount (₹)
(i)	Intra-State sale of taxable goods including ₹ 1,00,000 received as advance in January, 20XX, the invoice for the entire sale value is issued on 15 <sup>th</sup> February, 20XX	4,00,000
(ii)	Goods purchased from unregistered dealer on 20 <sup>th</sup> February, 20XX	1,00,000
	(Inter-State purchases are worth ₹ 30,000 and balance purchases are intra-State)	
	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
	Goods transport services received from a GTA. GTA is paying tax @12% (It is an inter-State transaction)	2,00,000

Compute net GST liability (CGST, SGST or IGST, as the case may be) of M/s Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX.

Assume the rates of GST, unless otherwise specified, as under:

CGST	9%
SGST	9%
IGST	18%

**Note:-**

- The turnover of M/s. Shri Durga Corporation Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.
- All the amounts given above are exclusive of taxes. **(RTP - Nov 18)**

**Ans.** Computation of GST liability of M/s. Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX

Particulars	Value of Supply	CGST (₹)	SGST (₹)	IGST (₹)
Intra -State sale of taxable goods [Note-1]	4,00,000	36,000	36,000	
Goods purchased from unregistered dealer on 20 <sup>th</sup> February, 20XX [Note-2]	Nil	Nil	Nil	
Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-3]	1,00,000	9,000	9,000	
Goods transport services received from GTA [Note-4]	2,00,000			Nil

Total GST liability for the month of February, 20XX	45,000	45,000	Nil
Less: Input tax credit available [Note-5] (₹ 2,00,000 x 12%)	<u>24,000</u>		
Net GST liability for the month of February, 20XX	21,000	45,000	Nil

**Notes:**

- Section 12 of CGST Act, 2017 read with Notification No. 66/2017 CT dated 15.11.2017 provides that the time of supply for all suppliers of goods (excluding composition suppliers) is the time of issue of invoice, without any turnover limit. Thus, liability to pay tax on the advance received in January, 20XX will also arise in the month of February, when the invoice for the supply is issued.

2. All intra-State and inter-State procurements made by a registered person from unregistered person have been exempted from reverse charge liability, without any upper limit for daily procurements upto 30.09.2019\*1
3. Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. Labour contracts for repairing are thus, taxable.
4. As per Notification No. 13/2017 CT(R) dated 28.06.2017, GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA) provided such GTA has not paid GST @ 12%. Since in the given case, services have been received from a GTA who has paid GST @ 12%, reverse charge provisions will not be applicable.
5. Input tax credit is available for the services received from GTA. The input tax credit of IGST can be used against IGST, CGST and SGST in the respective order vide section 49(5) of CGST Act, 2017.

**Q.8.** Cloud Seven Private Limited, a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of February, 20XX:

	Particulars	GST paid (₹)
(i)	Trucks used for the transport of raw material	1,20,000
(ii)	Foods and beverages for consumption of employees working in the factory	40,000
(iii)	Inputs are to be received in five lots, out of which third lot was received during the month	80,000
(iv)	Membership of a club availed for employees working in the factory	1,50,000
(v)	Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000)	4,00,000
(vi)	Raw material (to be received in March, 20XX)	1,50,000

Determine the amount of input tax credit available with Cloud Seven Private Limited for the month of February, 20XX by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

(RTP - Nov 18)

**Ans.** Computation of input tax credit (ITC) available with Cloud Seven Private Limited for the month of February, 20XX

Particulars	₹
Trucks used for the transport of raw material [Note-1]	1,20,000
Foods and beverages for consumption of employees working in the factory [Note-2]	Nil
Inputs are to be received in five lots, out of which third lot was received during the month [Note-3]	Nil
Membership of a club availed for employees working in the factory [Note-4]	Nil
Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000) [Note-5]	3,50,000
Raw material to be received in March, 20XX [Note-6]	Nil
<b>Total ITC</b>	<b>4,70,000</b>

**Notes:-**

1. ITC on motor vehicles is disallowed in terms of section 17(5) of the CGST Act, 2017, except when they are used inter alia, for transportation of goods.
2. ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply- [Section 17(5)].
3. When inputs are received in instalments, ITC can be availed only on receipt of last instalment- [Section 16(2)].
4. Membership of a club is specifically disallowed under section 17(5) of the CGST Act, 2017.
5. ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC [Section 16(2) of CGST Act, 2017] .
6. Input tax credit is available only upon the receipt of goods in terms of section 16(2) of CGST Act, 2017.

**Q.9.** Explain the meaning of the term “input tax” under section 2(62) of CGST Act, 2017.

**(RTP - Nov 18)**

**Ans.** As per section 2(62) of CGST Act, 2017, “input tax” in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes—

- (a) the integrated goods and services tax charged on import of goods;
- (b) the tax payable under the provisions of sub-sections (3) and (4) of section 9;
- (c) the tax payable under the provisions of sub-section (3) and (4) of section 5 of the IGST Act;
- (d) the tax payable under the provisions of sub-section (3) and sub-section (4) of section 9 of the respective SGST Act; or
- (e) the tax payable under the provisions of sub-section (3) and sub-section (4) of section 7 of the UTGST Act, but does not include the tax paid under the composition levy.

**Q.10.** Explain the order in which liability of taxable person has to be discharged under GST laws.

**(RTP - Nov 18)**

**Ans.** Section 49(8) of CGST Act, 2017 prescribes the chronological order in which the liability of a taxable person has to be discharged:

- (a) self -assessed tax and other dues for the previous tax periods have to be discharged first.
- (b) self -assessed tax and other dues for the current tax period have to be discharged next.
- (c) Once these two steps are exhausted, thereafter any other amount payable including demand determined under section 73 or section 74 is to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last. This sequence has to be mandatorily followed.

The expression “other dues” referred above mean interest, penalty, fee or any other amount payable under the Act or the rules made thereunder.

**Q.11.** Mr. Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August 2017:

	Particulars	(₹)
(i)	Inter-state taxable supply of goods	10,00,000
(ii)	Intra state taxable supply of goods	2,00,000
(iii)	Intra state purchase of taxable goods	5,00,000

He has the following Input tax credit at the beginning of August 2017 :

Nature	ITC Amount in (₹)
CGST	20,000
SGST	30,000
IGST	25,000

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

Both inward and outward supplies are exclusive of taxes wherever applicable.

All the conditions necessary for availing the ITC have been fulfilled.

Compute the net GST payable by Mr. Ajay for the month of August 2017.

**Q.12.** Fun Pharma Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of September 2018;

Particulars	GST paid (₹)
(i) Purchase of cabs used for the transportation of its employees	3,30,000
(ii) Inputs consisting of three lots, out of which first lot was received during the month	1,25,000
(iii) Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 25,000)	2,50,000
(iv) Outdoor catering service availed on Women's day	72,000

Determine the amount of Input Tax Credit available with M/s Fun Pharma Private Limited for the month of September 2017 by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

## **CHAPTER 7 – REGISTRATION**

**Q.1.** State the persons who are not liable for registration as per provisions of Section 23 of Central Goods and Service Tax Act, 2017. (Nov 2018)

**Q.2.** Mr. Allan, a non-resident person, wishes to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advise on the following aspects, relating to CGST Act, 2017:

- (i) When shall he apply for registration?
- (ii) Is PAN mandatory for his registration?
- (iii) What is the period of validity of RC granted to him?.
- (iv) Will he be able to extend the validity of his registration? If yes, what will be the period of extension?

**Q.3.** Pure Oils, Delhi has started the supply of machine oils and high speed diesel in the month of April, 20XX. The following details have been furnished by it for the said month:-

Sl. No.	Particulars	₹
(i)	Supply of machine oils in Delhi	2,00,000
(ii)	Supply of high speed diesel in Delhi	4,00,000
(iii)	Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi	1,75,000
(iv)	Supply made by Pure Oils from its branch located in Punjab	1,80,000

\*excluding GST

Determine whether Pure Oils is liable for registration. Will your answer change, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch located in Himachal Pradesh in addition to the above-mentioned supplies? **(RTP May 2018)**

**Ans.** As per section 22 of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods or services or both,

However, if such taxable supplies are made from any of the specified special category States, namely, States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ` 10 lakh.

As per section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of:

- (i) all taxable supplies,
- (ii) all exempt supplies,
- (iii) exports of goods and/or services and
- (iv) all inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

Section 9 of the CGST Act, 2017 provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. As per section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, supply of high speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover for the month of April, 20XX is computed as under:

S. No.	Particulars	Amount (in ₹)
(i)	Supply of machine oils in Delhi	2,00,000
(ii)	Add: Supply of high speed diesel in Delhi	4,00,000
(iii)	Add: Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi	1,75,000
(iv)	Add: Supply made by Pure Oils from its branch located in Punjab	<u>1,80,000</u>
	Aggregate Turnover	9,55,000



Since the aggregate turnover does not exceed ₹ 20 lakh, Pure Oils is not liable to be registered.

If Pure Oils made supply of machine oils amounting to ₹ 2,50,000 from its branch in Himachal Pradesh in addition to the above supply, then threshold limit of registration will be reduced to ₹ 10 lakh as Himachal Pradesh is one of the specified Special Category States.

Aggregate Turnover in that case would be ₹ 9,55,000 + ₹ 2,50,000 = ₹ 12,05,000. So, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch in Himachal Pradesh, then it is liable to be registered.

**Q.4.** Discuss the circumstances where registration is liable to be cancelled. **(RTP - Nov 18)**

**Ans.** Section 29(1) of the CGST Act, 2017 provides that the proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where:

- (a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or
- (b) there is any change in the constitution of the business; or
- (c) the taxable person, other than the person registered under sub-section (3) of section 25, is no longer liable to be registered under section 22 or section 24

Further, section 29(2) of the CGST Act, 2017 provides that the proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where,—

- (a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or
  - (b) a person paying tax under section 10 has not furnished returns for three consecutive tax periods; or
  - (c) any registered person, other than a person specified in clause (b), has not furnished returns for a continuous period of six months; or
  - (d) any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business within six months from the date of registration;
- or
- (e) registration has been obtained by means of fraud, wilful misstatement or suppression of facts

Further, the proper officer shall not cancel the registration without giving the person an opportunity of being heard.

**Q.5.** Determine the effective date of registration in the following instances :

- (i) The aggregate turnover of Madhu Ltd., engaged in taxable supply of services in the state of Punjab, exceeded ₹ 20 Lakhs on 25<sup>th</sup> August, 2017. It applies for registration on 19<sup>th</sup> September, 2017 and is granted registration certificate on 29<sup>th</sup> September, 2017.
- (ii) What will be your answer, if in the above scenario, Madhu Ltd. submits the application for registration on 27<sup>th</sup> September, 2017 and is granted registration on 5<sup>th</sup> October, 2017?

**CHAPTER 8 – PAYMENT OF TAX**

**Q.1.** Determine with brief reasons, whether the following statements are True or False:

- (i) Registration under the CGST Act, 2017 can be cancelled by the proper officer, if the voluntarily registered person has not commenced the business within three months from the date of Registration.
- (ii) Electronic cash ledger balance of ₹ 5,000 under the major head of IGST can be utilized for discharging the liability of major head of CGST. **(Nov 2018)**

**Q.2.** Ms. Jimmy wants to adjust input tax credit for payment of interest, penalty and payment of tax under reverse charge. Explain whether she can do so. **(Nov 2018)**

**Q.3.** Discuss the following in terms of provisions of CGST Act, 2017:

When interest shall be payable by a registered person and what is the maximum rate of interest chargeable for the same?

**CHAPTER 9 – TAX INVOICE, DEBIT & CREDIT NOTE, E-WAY BILL**

**Q.1.** Mr. Lakhan provides Continuous Supply of Services (CSS) to M/s. TNB Limited. He furnishes the following further information:

- (i) Date of commencement of Providing CSS - 01-10-2018
- (ii) Date of completion of Providing CSS - 31-01-2019
- (iii) Date of receipt of payment by Mr. Lakhan - 30-03-2019

Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances :

- (i) If no due date for payment is agreed upon by both under the contract of CSS.
- (ii) If payment is linked to the completion of service.
- (iii) If M/s. TNB Limited has to make payment on 25-03-2019 as per the contract between them. **(Nov 2018)**

**Q.2.** Luv & Kush Pvt. Ltd. of Srinagar, Jammu & Kashmir engaged in the supply of gifts items provides you the following details:-

S.No	Particulars	Date
1.	Commencement of the business of supplying goods	01.08.20XX
2.	Turnover exceeds ₹ 10,00,000 on	15.08.20XX
3.	Turnover exceeds ₹ 20,00,000 on	05.09.20XX
4.	Application for registration made on	28.09.20XX
5.	Registration certificate granted on	06.10.20XX

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain. **(RTP – Nov 2018)**

**Ans.** A supplier whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State/UT [₹ 10 lakh in special category states except Jammu & Kashmir] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of ₹ 20 lakh/ ₹ 10 lakh) vide section 22 of CGST Act, 2017.

Where the application is submitted within said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration

Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, may issue revised tax invoices in respect of taxable supplies effected during this period within 1 month from the date of issuance of registration certificate.

In the given case, Luv & Kush Pvt. Ltd is located in Jammu & Kashmir, a special category state. Though the turnover limit for special category states is ₹ 10 lakh, Jammu & Kashmir has opted for turnover limit of ₹ 20 lakh for the purpose of registration. Thus, since Luv & Kush Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e. 05.09.20XX.

Thus, Luv & Kush Pvt. Ltd. may issue revised tax invoices against the invoices already issued during the period between effective date of registration (05.09.20XX) and the date of issuance of registration certificate (06.10.20XX), within 1 month from 06.10.20XX.

Further, Luv & Kush Pvt. Ltd may issue a consolidated revised tax invoice in respect of all taxable supplies made to unregistered dealers during such period. However, in case of inter-State supplies made to unregistered dealers, a consolidated revised tax invoice cannot be issued if the value of a supply exceeds ₹ 2,50,000.

**Q.3.** Determine with reason whether the following statements are true or false:

- (i) A registered person shall issue a separate invoice for supplying both taxable as well as exempted goods to an unregistered person.
- (ii) A Non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month.

## **CHAPTER 10 – RETURNS UNDER GST**

**Q.1.** A tax payer can file GSTR-1 under CGST Act, 2017, only after the end of the current tax period. State exceptions to this. **(Nov 2018)**

**Q.2.** Who is required to furnish Final Return under CGST Act, 2017 and what is the time limit for the same ? Discuss.