

MCQs on GST



Taxable Event

Question 1

Which of the following is not a supply as per section 7 of the CGST Act:

- a) Management consultancy services not in course or furtherance of business.
- b) Import of service for consideration not in course or furtherance of business
- c) Both (a) and (b)
- d) None of the above

Question 2

_____ specifies the activities to be treated as supply even if made without consideration:

- a) Schedule I of CGST Act.
- b) Schedule II of CGST Act
- c) Schedule III of CGST Act
- d) All of the above

Question 3

Which of the following activity is outside the scope of supply and not taxable under GST:

- a) Services by an employee to the employer in the course of or in relation to his employment**
- b) Services of funeral**
- c) Actionable claims, other than lottery, betting and gambling.**
- d) All of the above.**

Question 4

Which of the following supplies are naturally bundled:

- a) Rent deed executed for renting of two different floors of a building-one for residential and another for commercial purpose to same person
- b) Pack of watch, tie and belt
- c) Package of canned food such as burger, chocolates, sweets, cake etc.
- d) None of the above.

Question 5

A _____ supply comprising of two or more supplies shall be treated as the supply of that particular supply that attracts highest rate of tax:

- a) Composite
- b) Mixed.
- c) Both (a) and (b)
- d) None of the above

Question 6

Which of the following activities is a supply of services:

- a) Transfer of right in goods/ undivided share in goods without transfer of title in goods.
- b) Transfer of title in goods
- c) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date
- d) All of the above

Question 7

Taxable event under GST is supply of goods or services or both. CGST and SGST/ UTGST will be levied on intra-State supplies. IGST will be levied on inter-State supplies:

- (a) True.**
- (b) False**

Question 8

Composite supply shall be treated as supply of the principal supply. Mixed supply would be treated as supply of that particular goods or services which attracts the highest rate of tax:

- (a) True.
- (b) False

Question 9

Supply of all goods and/or services is taxable under GST.

- (a) True**
- (b) False.**

Supplies of all goods and services are taxable except alcoholic liquor for human consumption, supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be taxable with effect from a future date. This date would be notified by the Government on the recommendations of the GST Council.

Question 10

Title as well as possession both have to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II(1)(b) of the CGST Act. In some cases, possession may be transferred immediately but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods:

- (a) True.
- (b) False

Question 11

Examine whether the following activities would amount to supply under section 7 of the CGST Act:

- a) Damodar Charitable Trust, a trust who gets the eye treatment of needy people done free of cost, donates clothes and toys to children living in slum area;
- b) Sulekha Manufacturers has a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold.
- c) Raman is an Electronic Commerce Operator in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute;
- d) Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai.

Question 12

State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of the CGST Act:

- a) Renting of immovable property
- b) Goods forming part of business assets are transferred or disposed of by or under the directions of person carrying on the business, whether or not for consideration
- c) Transfer of right in goods without transfer of title in goods
- d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date

Question 13

Determine whether the following supplies amount to composite supplies:

- a) A hotel provides 4 days-3 nights package wherein the facility of breakfast and dinner is provided alongwith the room accommodation
- b) A toothpaste company has offered the scheme of free toothbrush alongwith the toothpaste

Question 14

Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date:

- (a) True.
- (b) False



Charge of GST

Question 1

State person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

- a) Services provided by an arbitral tribunal to any business entity**
- b) Sponsorship services provided by a company to an individual**
- c) Renting of immovable property service provided by the Central Government to a business entity**

Question 2

The Government can specify categories of services the tax on which shall be paid by the Electronic Commerce Operator, if such services are supplied through it and all the provisions of the GST law shall apply to such electronic commerce operator as if he is the person liable to pay tax in relation to supply of such services.

For this purpose, services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle and services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration, supplied through ECO have been notified:

- (a) True.
- (b) False

Question 3

A person availing composition scheme in Haryana during a financial year crosses the turnover of Rs. 75 lakh during the course of the year i.e. he crosses the turnover of Rs. 75 lakh in December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March

Question 4

A hotel owner provided accommodation in Haryana, through an electronic commerce operator – Cool Trips. The hotel owner is not liable to get registered as per the provisions of section 22(1) of the CGST Act.

Who is the person liable to pay GST in this case?

Would your answer be different if the Electronic Commerce Operator Cool Trips does not have a physical presence in India?

Question 5

Determine whether the supplier in the following cases are eligible for composition levy provided their turnover in preceding year does not exceed Rs. 75 lakh:

- a) Mohan is engaged in providing legal services in Rajasthan and is registered in the same State
- b) Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighbouring States

Question 6

Mohan Enterprises has two registered business verticals in Delhi. Its aggregate turnover for the preceding year for both the business verticals was Rs. 70 lakh. It wishes to pay tax under composition levy for one of the vertical in the current year while under normal levy for other vertical. You are required to advice Mohan Enterprises whether he can do so .



Exemptions from GST

Question 1

Transportation of passengers by _____ are exempt from GST:

- a) Railway in first class
- b) Railway in an air-conditioned coach
- c) Metro.
- d) All of the above

Question 2

Transportation of _____ by a GTA in a goods carriage is exempt from GST:

- a) Agricultural produce
- b) Organic manure
- c) Milk
- d) All of the above.

Question 3

What of the following services provided to an educational institution – Ravindra Public School- are exempt from GST:

- a) Transportation of staff and students of the school**
- b) Cleaning of the school**
- c) Services relating to conduct of higher secondary exams**
- d) All of the above.**

Question 4

Transportation of passengers by _____ are exempt from GST:

- a) air conditioned stage carriage
- b) radio taxi
- c) air, terminating in Nagaland airport .
- d) all of the above

Question 5

Which of the following services provided by Department of Posts are exempt from GST:

- a) Speed posts**
- b) Life Insurance**
- c) Express parcel posts**
- d) None of the above.**

Question 6

An individual acts as a referee in a football match organized by Sports Authority of India. He has also acted as a referee in another charity football match organized by a local sports club, in lieu of a lump sum payment. Discuss whether he is required to pay any GST

Question 7

RXL Pvt. Ltd. manufactures beauty soap with the brand name 'Forever Young'. RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth Rs. 1,20,000 will be donated to a charitable organization. Whether Ms. Ahana Kapoor will be required to pay any GST.

Question 8

Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

Fees charged for yoga camp conducted by a charitable trust registered u/s 12AA of the Income-tax Act, 1961	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by commentator to a recognized sports body	5,20,000

Question 9

Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, GST is payable on the same:

- (a) True.
- (b) False

Question 10

- a) Transportation of milk by goods transport agency is exempt.;
- b) 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;
- c) Transportation of goods where consideration for transportation of all goods for a single consignee does not exceed Rs. 750 is exempt.

Question 11

When exemption from whole of tax collected on goods or services or both has been granted absolutely, can a person pay tax:

- (a) True.
- (b) False



Place of Supply

Place of supply of goods under GST defines

**whether the transaction will be counted as
intra-state or inter-state**

**accordingly levy of SGST, CGST & IGST
will be determined**

**Movement
of goods**

**No
movement
of goods**

**Goods
supplied on
a vessel/
conveyance**

**Imports
&
exports**

Place of Supply of Goods – other than imports/ exports

Section 10(1)(a)

Supply involves movement of Goods

Location of goods at the time at which movement terminates for delivery to recipient

Section 10(1)(b)

Goods supplied on direction of the third person

Principal Place of Business of the third person (i.e., address in Registration Certificate)

Section 10(1)(c)

Supply does not involve movement of goods

Location of goods at the time of delivery to the recipient

Section 10(1)(d)

Goods are assembled or installed at site

Place of installation or assembly

Section 10(1)(e)

Goods supplied on board a conveyance

Location at which such goods are taken on board

Place of Supply of Goods – goods imported into/ exported from India

- **Export of goods:** Means taking goods out of India to a place outside India;
- **Import of goods:** Means bringing goods into India from a place outside India

Section	Situation	Place of supply
11(a)	Goods imported into India	Location of importer
11(b)	Goods exported from India	Location outside India

Note: Section 5 provides that **IGST shall be levied on goods imported into India** as per Section 3 of Customs Tariff Act

- Point of taxation - When duties of customs are levied on the said goods
- Value - As determined as per Customs Act



Place of Supply of Services – Sec 12 of IGST (where supplier and recipient are in India)

**For Supply of any
other Service,
Place of supply is:
(General Rule)**

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graph LR; A[For Supply of any other Service, Place of supply is: (General Rule)] --> B[Section 12(2)(a): Registered recipient]; A --> C[Section 12(2)(b): Unregistered recipient]; B --> D[Location of recipient]; C --> E[Location of recipient if address in supplier's records]; C --> F[Location of supplier if address not available];
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**Section 12(2)(a):
Registered
recipient**

**Location of
recipient**

**Section
12(2)(b):
Unregistered
recipient**

**Location of
recipient if
address in
supplier's
records**

**Location of
supplier if
address not
available**

Supply of:

- Services directly in relation to:**
- a) Immovable property – grant-of-rights, construction, use, accommodation, marriage, letting out, architects, surveyors, etc.**
 - b) Boat, Vessel – lodging, club, etc.**
 - c) Ancillary services to the above**

Place of supply - Section 12(3):
Location of property/ boat/ vessel
If property is outside India – Location of Recipient

- a) Restaurant and catering**
- b) Personal grooming**
- c) Fitness**
- d) Beauty treatment**
- e) Health service including cosmetic and plastic surgery**

Place of supply - Section 12(4):
Location of 'actual' performance

Sec 12(5):
**Supply of
Services of
Training and
Performance
Appraisal**

**Registered
recipient:**

**Location of
recipient**

**Unregistered
recipient:**

**Place of
'actual'
performance**

**Sec 12(6): Supply of
Services for
admission to:**
a) Cultural and artistic
event
b) Sporting event
c) Scientific and
educational event
d) Entertainment
event
e) Amusement Park
f) Services ancillary to
above

**Venue of
event/ park**

Sec 12(7): Supply of:
a) Organising cultural,
arts, sports,
educational, scientific,
entertainment,
conference, fair
exhibition or similar
events
b) Services ancillary to
above

**Registered
recipient:**
**Location of
recipient**

**Unregistered
recipient:**
Venue of event

**Event outside
India:**
**Location of
recipient**

**Supply
of
services
of:**

**Sec 12(8):
Transportation of
goods, including by
mail or courier**

**Registered Recipient: Location of
Recipient**

**Unregistered Recipient: Location
where goods handed over for
transportation**

**Sec 12(9): Passenger
Transportation
Service (Return
journey treated as
separate journey)**

**Registered Recipient: Place of
Registered Recipient**

**Unregistered Recipient: Place
where passenger embarks on the
conveyance for a continuous
journey**

**Sec 12 (10): Services on
board conveyance like
vessel, aircraft, train,
motor vehicle**

**First scheduled point of departure
of that conveyance for that
journey**

**Supply of telecommunication services
including data transfer, broadcasting,
DTH, cable etc.**

- In cases not covered, address of recipient on records shall be the place of supply;
- Where no address of the recipient available in records, location of the supplier shall be the place of supply

**(b) Post-paid mobile
connection for
telecommunication and
internet services***

**Location of billing address of the
recipient on record**

**(c) Pre-paid mobile
connection for
telecommunication and
internet services***

**Through internet: Location of
recipient on record**

**Through selling agents:
Location of selling agent on
record of supplier**

**Through others: Location where
pre-payment received /
vouchers sold**

Supply of:

**Sec 12(12) Banking
and Other Financial
Services including
Stock Broking**

**Location of recipient
in suppliers records
*(If not available,
location of supplier)***

**Sec 12(13)
Insurance Services**

**Registered
recipient: Location
of recipient
Unregistered
recipient: Location
of recipient in
supplier's records**

**Sec 12(14)
Advertisement
Services to
Government, etc.**

**Place is State of
dissemination in
proportion**



**Place of Supply of Services – Sec 13 of IGST
(where supplier or recipient is outside India)**

Services when goods required to be made physically available by recipient or requiring physical presence of receiver / person acting on his behalf

Location where services actually performed

Services supplied directly in relation to immovable property

Location of such immovable property (or where it is intended to be located)

Service by way of admission to / organising an event, etc. and ancillary services

Place where the event is actually held

Banking services to account holders, intermediary services, hiring of means of transport (other than aircraft and vessels) upto 1 month

Location of supplier

Transportation of goods (other than by way of mail / courier)

Destination of the goods

**Passenger
transportation
service**

**Place where
passenger
embarks on
the
conveyance
for a
continuous
journey**

**Service
provided on
board a
conveyance**

**First
scheduled
point of
departure of
that
conveyance
for that
journey**

**Online
information
and
database
access or
retrieval
services**

**Location
of
recipient**

Residuary

**Location
of the
recipient;

If not
available
in the
ordinary
course of
business,
location
of
supplier**

**CG has power
to notify
services/
circumstances**

**Place of
effective
use and
enjoyment
of a service**

Question 1

(i) Mr. A of Nasik, Maharashtra sells 10 refrigerators to Mr. B of Pune, Maharashtra for delivery at Mr. B's place of business in Pune. The place of supply is _____

(ii) Mr. A of Nasik, Maharashtra sells 20 refrigerators to Mr. C of Ahmedabad, Gujarat for delivery at Mr. C's place of business in Ahmedabad. The place of supply is _____

Question 2

(i) Mr. X (a supplier registered in Uttar Pradesh having principal place of business at Noida) asks Mr. Y of Ahmedabad, Gujarat to deliver 50 washing machines to his buyer Mr. Z at Jaipur, Rajasthan. In this case, how many supplies are involved.

Question 3

(i) Mr. A (New Delhi) has leased his machine (cost Rs 8,00,000) to Mr. B (Noida, Uttar Pradesh) for production of goods on a monthly rent of Rs. 40,000. After 14 months Mr. B requested Mr. A to sell the machine to him for Rs 4,00,000, which is agreed to by Mr. A. The place of supply is _____

(ii) XZ Ltd. (Mumbai, Maharashtra) opens a new branch office at Gurugram, Haryana. It purchases a building for office from KTS Builders (Gurugram) along with pre-installed office furniture and fixtures. The place of supply is _____

Question 4

(i) Mr. A (New Delhi) purchases a machine from Mr. B (New Delhi) for being installed in his factory at Noida, Uttar Pradesh. The place of supply is _____

(ii) Pure Refineries (Mumbai, Maharashtra) gives a contract to PQ Ltd. (Ranchi, Jharkhand) to assemble a power plant in its Kutch, Gujarat refinery. The place of supply is _____

Question 5

(i) Mr. X (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), at Jaipur during the journey. The place of supply of goods is_____

(ii) Mr. W, an unregistered person, purchases coffee and snacks on board a Airjet Mumbai-New Delhi flight. The food items were loaded into the aircraft at Mumbai. The place of supply of goods is_____

(iii) Ms. P (New Delhi) boards a New Delhi-Kolkata flight to attend a business meeting at Kolkata. She buys lunch in the flight. The food items were loaded into the aircraft at New Delhi. The Airlines is registered in New Delhi and Kolkata. The place of supply of food items by the airlines to Ms. P is _____

(iv) Ms. S, an unregistered person, (New Delhi) is travelling from New Delhi to Kanpur, Uttar Pradesh in a train. The train starts at New Delhi and stops at three stations before reaching Kanpur. The food items were loaded into the train at Aligarh (Uttar Pradesh) – 2nd Station from where Ms. S buys dinner on board the train. The place of supply is _____

Question 6

(i) Ms. Reshmi (New Delhi) exports spices from New Delhi to London, UK. The place of supply is _____

(ii) Ms. M imports electric kettles from China for her Kitchen Store in Noida, Uttar Pradesh. Ms. M is registered in Uttar Pradesh. The place of supply is _____

Question 7

(i) Mr. A (a Chartered Accountant registered in New Delhi) makes a supply of service to his client Mr. B of Noida, Uttar Pradesh (registered in Uttar Pradesh). The place of supply is

(ii) Mr. A, a barber in Gurugram, Haryana, (registered in Haryana) provides hair cutting services to his client Mr. C who is a resident of New Delhi but is not registered under GST. The place of supply is

Question 8

(i) KTS Builders (Mumbai) is constructing a factory building for PLM Pvt. Ltd. (Kolkata), in New Delhi. The place of supply is _____

(ii) Shah and Shah, an architectural firm at Kolkata, has been hired by MKF Builders of Mumbai to draw up a plan for a high rise building to be constructed by them in Ahmedabad, Gujarat. The place of supply is _____

(iii) Mr. Ramesh, a Chartered Accountant, (New Delhi) travels to Mumbai for business and stays in a hotel there. The place of supply of accommodation service is _____

(iv) Mr. X, a consulting engineer based in Mumbai, Maharashtra renders professional services in respect of an immovable property of Mr. Y (Bangalore) located in Australia. Since the immovable property is located outside India, the place of supply of service is _____

Question 9

Sometimes the immovable property may extend to more than one location, for example, a railway line, a national highway or a bridge on a river may originate in one State and end in the other State or a house boat stay may traverse more than one State.

In such cases, i.e., where the immovable property or boat or vessel is located in more than one State/Union territory, the service is deemed to have been supplied in each of the respective States/Union territories, proportionately in terms of the value of the services.

- (a) True.**
- (b) False**

Question 10

(i) Mr. A, a business man from Pune dines in a restaurant at Mumbai while on a business trip. The place of supply of restaurant service is _____

(ii) Mr. Timmy Ferreira, a makeup artist at Kolkata, goes to Jaipur, Rajasthan for doing the makeup of Ms. Simran Kapoor, a Bollywood actress based in Mumbai. The place of supply is _____

Question 11

(i) DEO Consultants (Kolkata) impart GST training to accounts and finance personnel of Sun Cements Ltd. (Guwahati, Assam) at the company's Kolkata office. Since the recipient is registered, the place of supply is _____

(ii) Mr. Suresh (unregistered person based in Noida) signs up with Excellent Linguistics (New Delhi) for training on English speaking at their New Delhi Centre. Since the recipient is unregistered, the place of supply is _____

Question 12

(i) Mr. A, a resident of Ghaziabad, Uttar Pradesh, buys a ticket for a circus organized at Gurugram, Haryana by a circus company based in New Delhi. The place of supply is _____

(ii) Mr. B of New Delhi buys a ticket for an amusement park located in Noida, Uttar Pradesh. The place of the supply is _____

Question 13

(i) Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mumbai. Since the recipient is a registered person, the place of supply is _____

(ii) Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mauritius. Since the recipient is a registered person, the place of supply is _____

(iii) Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organise his wedding at New Delhi. The recipient being an unregistered person, the place of supply is _____

(iv) Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organise his wedding at Dubai. The recipient being an unregistered person and the event held outside India, the place of supply is _____

Question 14

(i) M/s XYZ Pvt. Ltd. is a registered company in New Delhi. It sends its courier to Pune through M/s Brue Air Courier Service. The recipient being registered person, the place of supply is _____

(ii) Mr. Y, an unregistered person, of New Delhi sends a courier to his brother in Amritsar, Punjab. The recipient being unregistered person, the place of supply is _____

(iii) PR Pvt. Ltd., a Goods Transportation Agency based in Kanpur, Uttar Pradesh, is hired by Hajela Enterprises (registered supplier in Kanpur) to transport its consignment of goods to a buyer in New Delhi. The recipient being registered, the place of supply is _____

(iv) ST Pvt. Ltd., a Goods Transportation Agency based in Noida, U.P., is hired by Chhaya Trade Links (registered supplier in New Delhi) to transport its consignment of goods to a buyer in Kanpur, U.P. The recipient being registered, the place of supply is _____

(v) Mr. Srikant, a manager in a Bank, is transferred from Bareilly, U.P to Bhopal, M.P. Mr. Srikant's family is stationed in Kanpur, U.P. He hires Goel Carriers of Lucknow, U.P. (registered in U.P.), to transport his household goods from Kanpur to Bhopal. The recipient being unregistered person, the place of supply is _____

Question 15

(i) An airline issued seasonal tickets, containing say 10 leafs which could be used for travel between any two locations in the country . The places of supply is _____

(ii) The card issued by New Delhi metro could be used by a person located in Noida, or New Delhi or Faridabad, without the New Delhi metro being able to distinguish the location or journeys at the time of receipt of payment. The place of the supply is _____

Question 16

(i) Mr. X (Kolkata) gets a landline phone installed at his home from Skybel Ltd. The place of supply is _____

(ii) Mr. Y (Mumbai) gets a DTH installed at his home from RT Ltd. The place of supply is _____

(iii) Mr. D (Mumbai) takes a post-paid mobile connection in Mumbai from Skybel Ltd. The place of supply is _____

(iv) Mr. E (New Delhi) gets his post-paid bill paid online from Goa. The payment being made through electronic mode, the place of supply is _____

(v) Mr. C (Pune) purchases a pre-paid card from a selling agent in Mumbai. The place of supply is _____

(vi) Mr. F (Puducherry) gets a pre-paid recharged from a grocery shop in Chennai. The place of supply is _____

Question 17

(i) Mr. A (Chennai) buys shares from a broker in BSE (Mumbai). The place of supply is _____

(ii) Mr. B (New Delhi) withdraws money from Best Bank's ATM in Amritsar. Mr. B has crossed his limit of free ATM withdrawals. The place of supply is _____

(iii) Mr. C, an unregistered person from Varanasi, Uttar Pradesh, visits a bank registered in New Delhi for getting a demand draft made. Since the location of recipient is not available in the records of the supplier, the place of supply is _____

Question 18

(i) Mr. A, CEO of XY Ltd., Mumbai (a company registered in Maharashtra) buys insurance cover for the inventory stored in company's factory located at Mumbai, from Excellent Insurers, Chennai (registered in Tamil Nadu). The place of supply is _____

(ii) Ms. B (unregistered resident of Kolkata) goes to her native place Patna, Bihar and buys a medical insurance policy for her parents there from Safe Insurers, Patna (registered in Bihar). The place of supply is _____

Question 19

(i) Gujarat Government gives an advertisement contract to an advertising agency (registered in Ahmedabad) to promote Gujarat tourism throughout the country. The place of supply is _____

(ii) Delhi Government gives an advertisement contract to an advertising agency registered in Delhi to promote its 'Every Child Can Read' campaign in Delhi. The place of supply is _____

Question 20

(i) Mr. X (New Delhi) imports a machine from Germany for being installed in his factory at New Delhi. To install such machine, Mr. X takes the service of an engineer who comes to India from Germany for this specific installation. The place of supply of installation service is _____

(ii) A software company located in United States of America (USA) takes services of a software company located in Bangalore to service its software in USA. The Indian software company provides its services through electronic means from its office in India. The place of supply is _____

(iii) ABC Ltd., Hyderabad has exported a machine to a company in Indonesia. The machine stops functioning and is thus, imported by ABC Ltd. for free repairs in terms of the sale contract. The machine is exported after repairs. The place of supply of repair service is _____

(iv) Mr. X, a hair stylist registered in New Delhi, travels to Singapore to provide his services to Ms. Y, a resident of Singapore. The place of supply is _____

(v) PQR Consultants, New Delhi, bags a contract for doing a market research for a vehicle manufacturing company based in South Korea, in respect of its upcoming model of a car. The research is to be carried out in five countries including New Delhi, India. Since the services are supplied at more than one location including a location in the taxable territory, the place of supply is _____

Question 21

(i) Mr. C, an architect (New Delhi), provides professional services to Mr. Z of New York in relation to his immovable property located in Pune. The place of supply is _____

(ii) Mr. C, an architect (New Delhi), enters into a contract with Mr. Z of New York to provide professional services in respect of immovable properties of Mr. Z located in Pune and New York. Since the immovable properties are located in more than one location including a location in the taxable territory, the place of supply is _____

Question 22

(i) A circus team from Russia organizes a circus in New Delhi. The place of supply is _____

(ii) An event management company registered in New Delhi organises an art exhibition displaying works of an international painter based in Dubai. The exhibition is organised in 3 countries including New Delhi. Since the service is supplied at more than one location including a location in the taxable territory, the place of supply is _____

Question 23

(i) Mr. C, a foreign tourist, on a visit to Varanasi (Uttar Pradesh) uses his international debit card to withdraw money from an ATM of a local Bank registered in Uttar Pradesh. The place of supply is _____

(ii) A travel agent registered in New Delhi books a tour of famous Indian cities for a Dubai resident. The place of supply is _____

(iii) Mr. D, an unregistered person based in New Delhi, leaves for a European holiday. He hires a car from London, UK for 20 days. The place of supply is _____

(iv) Mr. D, a registered person based in New Delhi, leaves for a European business tour. He hires a car from London, UK for 20 days. The place of supply is _____

Question 24

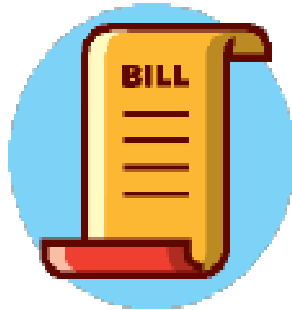
(i) A shipping line, Mumbai, Maharashtra transports a shipment of flowers from Mumbai to Paris, for an event management company based in Paris. The place of supply is _____

(ii) Mr. A, a foreign tourist, has booked a ticket for New Delhi-Sri Lanka flight from an airline registered in New Delhi for a continuous journey without any stopover. The place of supply is _____



Time of Supply

TIME OF SUPPLY OF GOODS UNDER FORWARD CHARGE



Date of issue of invoice /
Last date of issue of
invoice u/s section 31



Date on which the
payment is recorded in
the books of account of
the supplier



Date on which the
payment is credited to the
supplier's bank account

Whichever is earlier

TIME OF SUPPLY OF GOODS UNDER REVERSE CHARGE



Date on which goods are received



Date on which the payment is recorded in the books of account of the recipient of goods



Date on which the payment is debited from the bank account of the recipient of goods



31st DAY



31st day from the issue of invoice by the supplier

Whichever is earlier

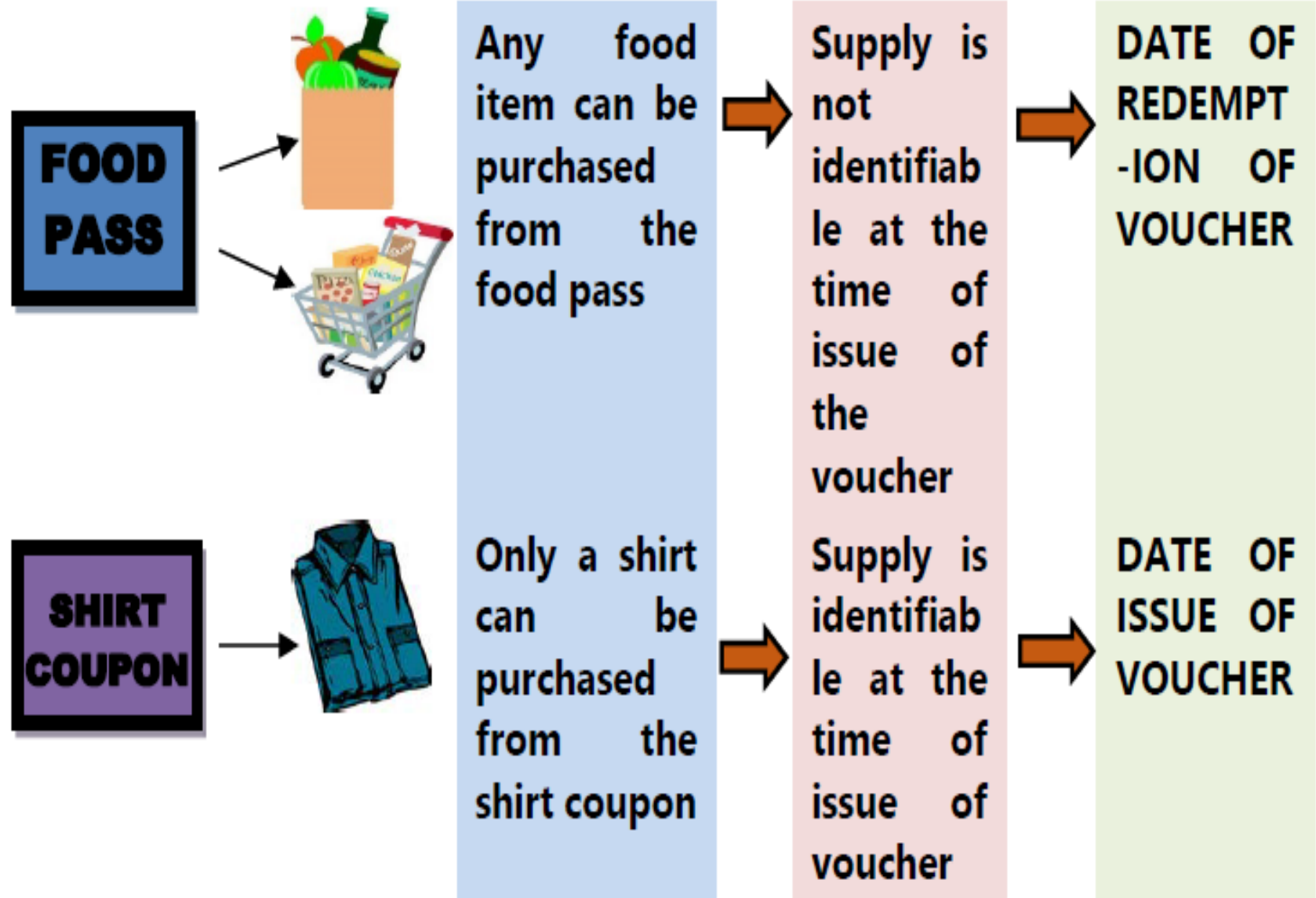
TOS when above parameters fail

If it is not possible to determine the time of supply through above parameters,
THEN
TIME OF SUPPLY WILL BE



Date on which goods are
recorded in the books of
account of the recipient of
supply

TIME OF SUPPLY OF VOUCHERS EXCHANGEABLE FOR GOODS



TIME OF SUPPLY OF GOODS UNDER RESIDUAL CASE

Where a periodical return is to be filed

The screenshot displays the GST portal interface. At the top, it says 'Goods and Services Tax'. Below that, there's a navigation bar with 'Dashboard', 'Returns', 'Payments', 'Compliance', and 'Reports'. The main content area is titled 'Summary of Periodic Return'. It includes a table with columns for 'Period', 'Gross Value', 'Net Value', 'Input Tax Credit', and 'Output Tax'. A yellow callout bubble points to the 'Summary of Periodic Return' section, stating 'This section shows the Summary of Periodic Return of GSTIN 123456789012345'.



DATE ON WHICH RETURN IS REQUIRED TO BE FILED

OTHER CASES



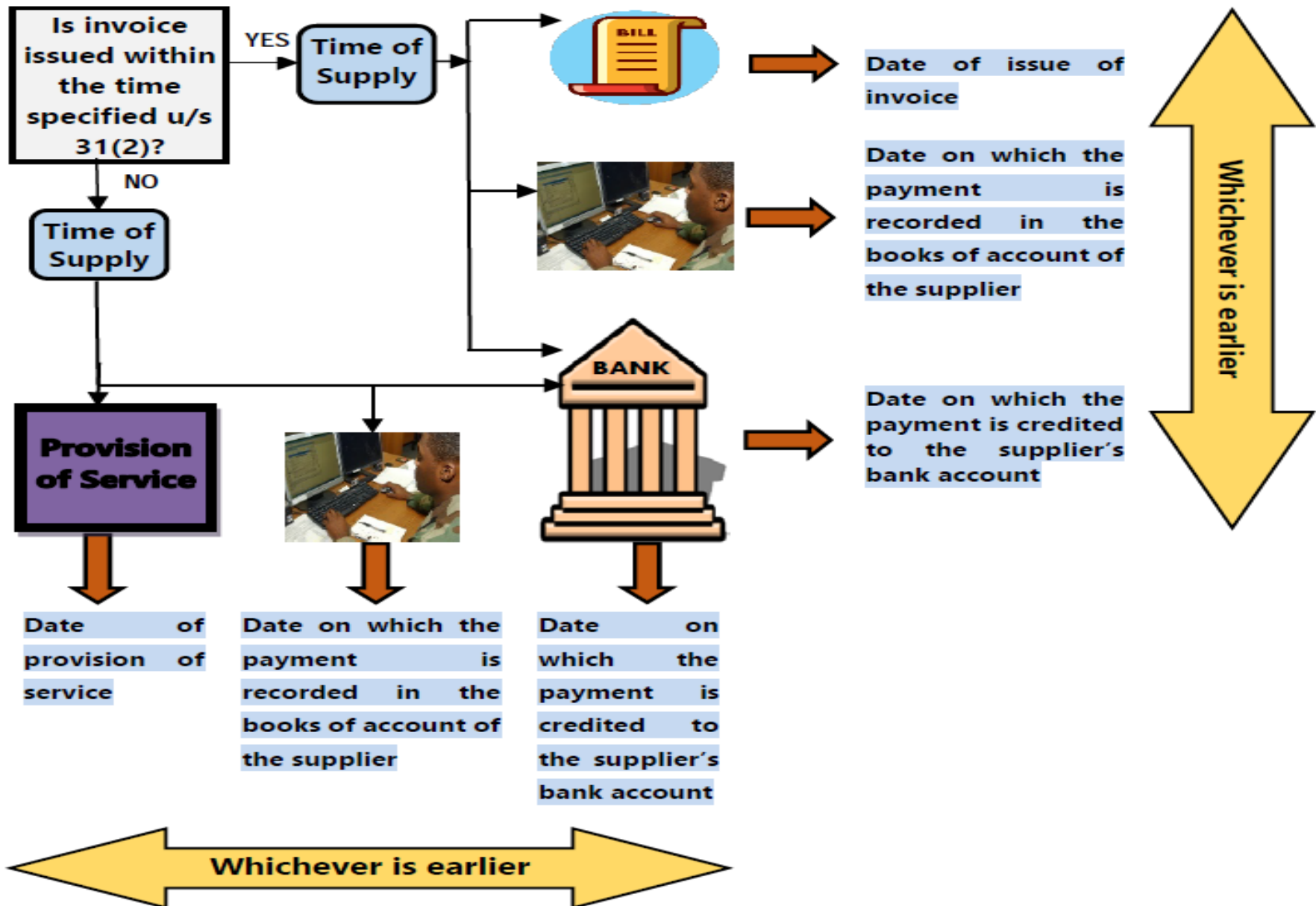
DATE ON WHICH GST IS PAID

Addition in value by
way of interest, late
fee/penalty for delayed
payment of
consideration for
goods

Time of supply

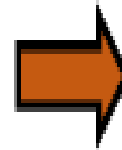
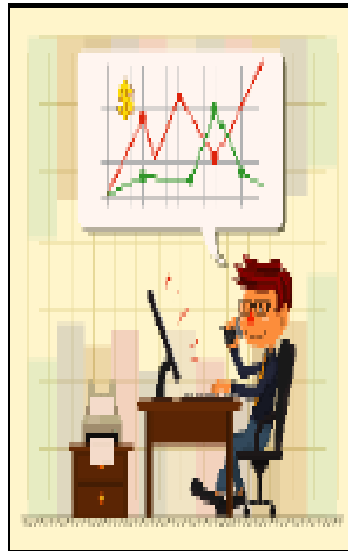
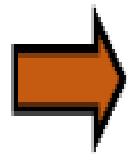
Date on which the supplier
receives such addition in value

TIME OF SUPPLY OF SERVICES UNDER FORWARD CHARGE



TOS when above parameters fail

If time of supply cannot be determined by both the above methods, then



Date of receipt of services in the books of account of the recipient

TIME OF SUPPLY OF SERVICES UNDER REVERSE CHARGE



st DAY



Date on which the payment is recorded in the books of account of the recipient of services



Date on which the payment is debited from the bank account of the recipient of services



61st day from issue of invoice by the supplier

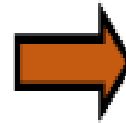
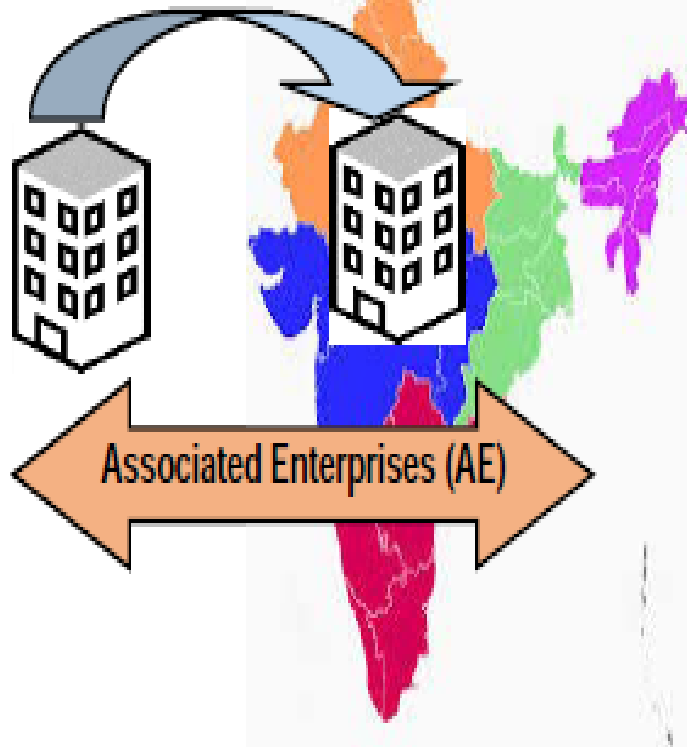
Whichever is earlier

If it is not possible to determine the time of supply through above parameters,
THEN
TIME OF SUPPLY WILL BE

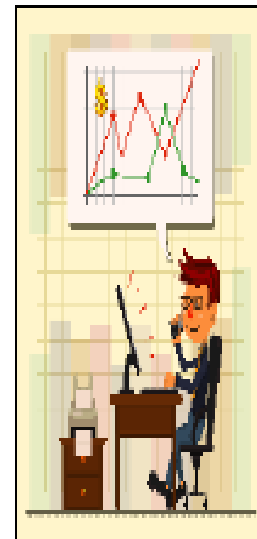


Date of entry of service in the books of account of the recipient of supply

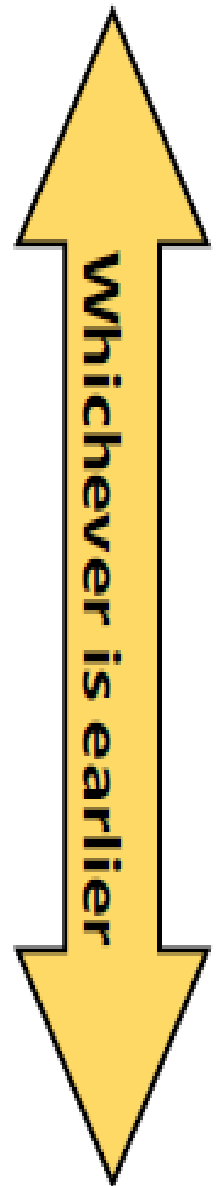
Supply of services
from AE located
outside India



Date of payment for the
service



Date of
entry of the
service in
the books
of account
of the
recipient



**Time of supply of
vouchers exchangeable for
services**



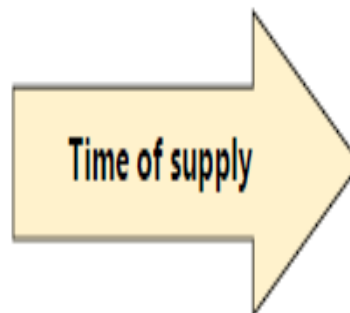
**Date of issue of voucher,
if the supply is
identifiable at that point**



**Date of redemption of
voucher in other cases**

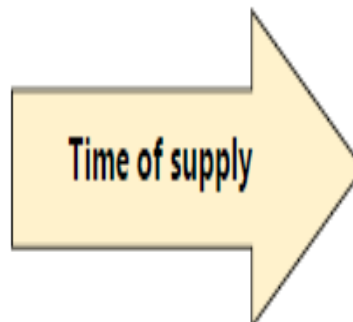
Residual case (If all the
above do not work for a
situation)

Addition in value by way of
interest, late fee/penalty for
delayed payment of
consideration for services



Time of supply

Due date of periodical return
OR
In any other case, the date on which tax is
paid



Time of supply

Date on which the supplier receives
such addition in value

CHANGE IN RATE OF TAX

Any two
events before
change in
rate of tax

OLD RATE

Issuance of invoice

Supply of goods/services

Receipt of payment

Any two
events after
change in
rate of tax

NEW RATE



Question 1

A machine has to be supplied at site. It is done by sourcing various components from vendors and assembling the machine at site. The details of the various events are:

17th September	Purchase order with advance of Rs. 50,000 is received for goods worth Rs. 12 lakh and entry duly made in the seller's books of account
20th October	The machine is assembled, tested at site, and accepted by buyer
23rd October	Invoice raised
4th November	Balance payment of Rs. 11,50,000 received

Determine the time of supply(ies) in the above scenario.

Answer

- The time of supply of goods to the extent of Rs. 50,000 is 17th September, as this payment was received before the date of invoice [Section 12(2)(b)]. The time of supply of goods to the extent of the balance amount of Rs. 11,50,000 is 20th October which is the date on which the goods were made available to the recipient as per section 31(1)(b), and the invoice should have been issued on this date [Section 12(2)(a)].

Question 2

Gas is supplied by a pipeline. Monthly payments are made by the recipient as per contract. Every quarter, invoice is issued by the supplier supported by a statement of the goods dispatched and payments made, and the recipient has to pay the differential amount, if any. The details of the various events are:

August 5, September 5, October 6	Payments of Rs. 2 lakh made in each month
October 3	Statement of accounts issued by supplier, with invoice for the quarter July – September
October 17	Differential payment of Rs. 56,000 received by supplier for the quarter July – September as per statement of accounts

Determine the time of supply.

Answer

- As per section 31(4), in the case of continuous supply of goods, the invoice should be issued before or when the statement of accounts is issued; hence October 3 is the correct invoice date.
- Time of supply will be August 5, September 5 and October 6 respectively for goods valued at Rs. 2 lakh each, as the date of payment is earlier than the date of invoice. [Invoice is yet to be issued for payment made on October 6]. Time of supply will be October 3 for goods valued at Rs. 56,000, as the date of invoice is earlier than the date of payment.

Question 3

Company X receives an advance of Rs. 50,000 on 30th April, against which it despatches goods worth Rs. 49,200 under invoice dated 5th May.

In this example, Company X has received Rs. 800 in excess, which cannot be considered as payment for the present invoice, in terms of Explanation 1 to section 12(2). Company X will adjust this excess amount against the next supply.

Can the time of supply for Rs. 800 be taken as the date of the next invoice if the supplier so chooses, though the payment was received earlier.

Question 4

Determine the time of supply from the given information:

May 4	Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)
May 12	Bridge & Co receives the goods
May 30	Bridge & Co makes the payment

Question 5

Determine the time of supply from the given information:

May 4	Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)
June 12	Bridge & Co receives the goods, which were held up in transit
July 3	Bridge & Co makes the payment

Question 6

Acme Sales Limited sells food coupons to a company, which gives these to its employees as part of the agreed perquisites. The coupons can be redeemed for purchase of any item of food /provisions in the outlets that are part of the program. The time of supply of the coupon will be _____

Question 7

With each purchase of a large pizza during the Christmas week from Perfect Pizza, one can buy a voucher for Rs. 20 which will be redeemable till 5 Jan for a small pizza.

The time of supply of the coupon will be _____

Question 8

Investigation reveals clandestine removal of goods by a supplier who is not registered under GST. The evidence is in the form of noting, often undated, and some corroborative material. The supplier voluntarily pays tax during the investigation, to close the case. The time of supply will be _____

Question 9

Determine the time of supply from the given information:

6th May	Booking of convention hall, sum agreed Rs. 15000, advance of Rs. 3000 received
15th September	Function held in convention hall
27th October	Invoice issued for Rs. 15000, indicating balance of Rs. 12000 payable
3rd November	Balance payment of Rs. 12000 received

Answer

- As per section 31 read with rule 47 of CGST Rules, the tax invoice is to be issued within 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit. As per section 13(2)(b), in a case where the invoice is not issued within the prescribed time, the time of supply of service is the date of provision of service or receipt of payment, whichever is earlier.
- Therefore, the time of supply of service to the extent of Rs. 3,000 is 6th May as the date of payment of Rs. 3000 is earlier than the date of provision of service. The time of supply of service to the extent of the balance Rs. 12,000 is 15th September which is the date of provision of service.

Question 10

Investigation shows that ABC & Co carried out service of cleaning and repairs of tanks in an apartment complex, for which the Apartment Owners' Association showed a payment in cash on 4th April to them against work of this description. The dates of the work are not clear from the records of ABC & Co. ABC & Co have not issued invoice or entered the payment in their books of account .

The time of supply will be _____

Question 11

A telephone company receives Rs. 5000 against an invoice of Rs. 4800. The excess amount of Rs. 200 can be adjusted against the next invoice. Whether the telephone company has the option to take the date of the next invoice as the time of supply of service in relation to the amount of Rs. 200 received in excess against the earlier invoice.

Question 12

Determine the time of supply from the given information. (Assuming that service being supplied is taxable under reverse charge):

May 4	The supplier of service issues invoice for service provided. There is a dispute about amount payable, and payment is delayed [July 4 date immediately following 60 days since issue of invoice]
August 21	Payment made to the supplier of service

Question 13

Determine the time of supply from the given information:

May 4	A German company issues email informing its associated company ABC Ltd., India, of the cost of technical services provided to it
July 2	ABC Ltd transfers the amount to the account of the German company

Question 14

Best Hospitality Services enters into agreement with Drive Marketing Ltd. by which Drive Marketing Ltd. markets Best Hospitality Services' hotel rooms and sells coupons/ vouchers redeemable for a discount against stay in the hotel. The time of supply will be _____

Question 15

Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoice by supplier of goods
July 1	August 10	June 29
July 1	June 25	June 29
July 1	Part payment made on June 30 and balance amount paid on July 20	June 29
July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29
August 1	August 10	June 29
Determine the TOS assuming that GST is payable under reverse charge		

Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoice by supplier of goods	Date immediately following 30 days from date of invoice	Time of supply of goods [Earlier of (1), (2) & (4)]
(1)	(2)	(3)	(4)	(5)
July 1	August 10	June 29	July 30	July 1
July 1	June 25	June 29	July 30	June 25
July 1	Part payment made on June 30 and balance amount paid on July 20	June 29	July 30	June 30 for part payment made and July 1 for bal. amount
July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1	July 2	June 28
July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	July 30	June 26
August 1	August 10	June 29	July 30	July 30

Question 16

Date of payment by recipient for supply of services	Date of issue of invoice by supplier of services
August 10	June 29
August 10	June 1
Part payment made on June 30 and balance amount paid on September 1	June 29
Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29
Determine the TOS assuming that GST is payable under reverse charge	

Date of payment by recipient for supply of services	Date of issue of invoice by supplier of services	Date immediately following 60 days from invoice	Time of supply of goods [Earlier of (1) & (3)]
(1)	(2)	(3)	(4)
August 10	June 29	August 29	August 10
August 10	June 1	August 1	August 1
Part payment made on June 30 and balance amount paid on September 1	June 29	August 29	June 30 for part payment made and August 29 for bal. amount
Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1	August 1	June 28
Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	August 29	June 26

Question 17

Date of supply of goods or services	Date of issue of invoice	Date of receipt of payment
May 28	June 9	July 25
	May 28	July 25
	June 9	May 26
June 10	May 28	June 25
	May 28	May 16
	June 9	May 28
Determine the time of supply assuming that rate of GST changes from 18% to 20% w.e.f. June 1		

Date of supply of goods or services	Date of issue of invoice	Date of receipt of payment	Time of supply	Applicable rate
May 28	June 9	July 25	June 9	20%
	May 28	July 25	May 28	18%
	June 9	May 26	May 26	18%
June 10	May 28	June 25	June 10	20%
	May 28	May 16	May 16	18%
	June 9	May 28	June 9	20%

Question 18

Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, i.e., 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July.

What is the time of supply of the transporter's service

Question 19

Raju Pvt Ltd. receives the order and advance payment on 5th January for carrying out an architectural design job. It delivers the designs on 23rd April. By oversight, no invoice is issued at that time, and it is issued much later, after the expiry of prescribed period for issue of invoice.

When is the time of supply of service

Question 20

Investigation shows that 150 cartons of ceramic capacitors were despatched on 2nd August but no invoice was made and the cartons were not entered in the accounts. There was no evidence of receipt of payment.

What is the time of supply of the 150 cartons.

Question 21

An order is placed on Ram & Co. on 18th August for supply of a consignment of customised shoes. Ram & Co. gets the consignment ready and informs the customer and issues the invoice on 2nd December. The customer collects the consignment from the premises of Ram & Co. on 7th December and hands over the payment on the same date, which is entered in the accounts on the next day, 8th December.

What is the time of supply of the shoes.

Question 22

Sodexo meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months.

What is the date of supply of the coupons.

Question 23

A firm of lawyers issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of negligence of the firm, the company's case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November. Identify the time of supply of the legal services.

Question 24

Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December.

What is the method to fix the time of supply of the service.

Question 25

An income-tax and money laundering case against Mr. XYZ, working in a multi-national company, reveals a large volume of undisclosed assets, which he claims as service income. On this basis, the GST authorities investigated the GST liability. Dates of provision of service, whether in the first half or the second half of the financial year being scrutinised by income-tax authorities, are not known. Mr. XYZ voluntarily pays GST during the investigation.

What is the time of supply of the services.

Question 26

I bought a set of modular furniture from a retail store. Invoice is issued to me and I made the payment. The furniture is to be delivered to me later in the week when a technician is available to assemble and install it. The next day the rate of tax applicable to modular furniture is revised upward, and the store sends me a supplementary invoice with the delivery note accompanying the furniture to collect the differential amount of tax. Is this correct on store's part

Question 27

An online portal, Best Info, raises invoice for database access on 21st February on Roy & Bansal Ltd. The payment is made by Roy & Bansal Ltd. by a demand draft sent on 25th February, which is received and entered in the accounts of Best Info on 28th February. Best Info encashes the demand draft and thereafter, gives access to the database to Roy & Bansal Ltd from 3rd March. In the meanwhile, the rate of tax is changed from 1st March 2017.

What is the time of supply of the service of database access by Best Info



Value of Supply

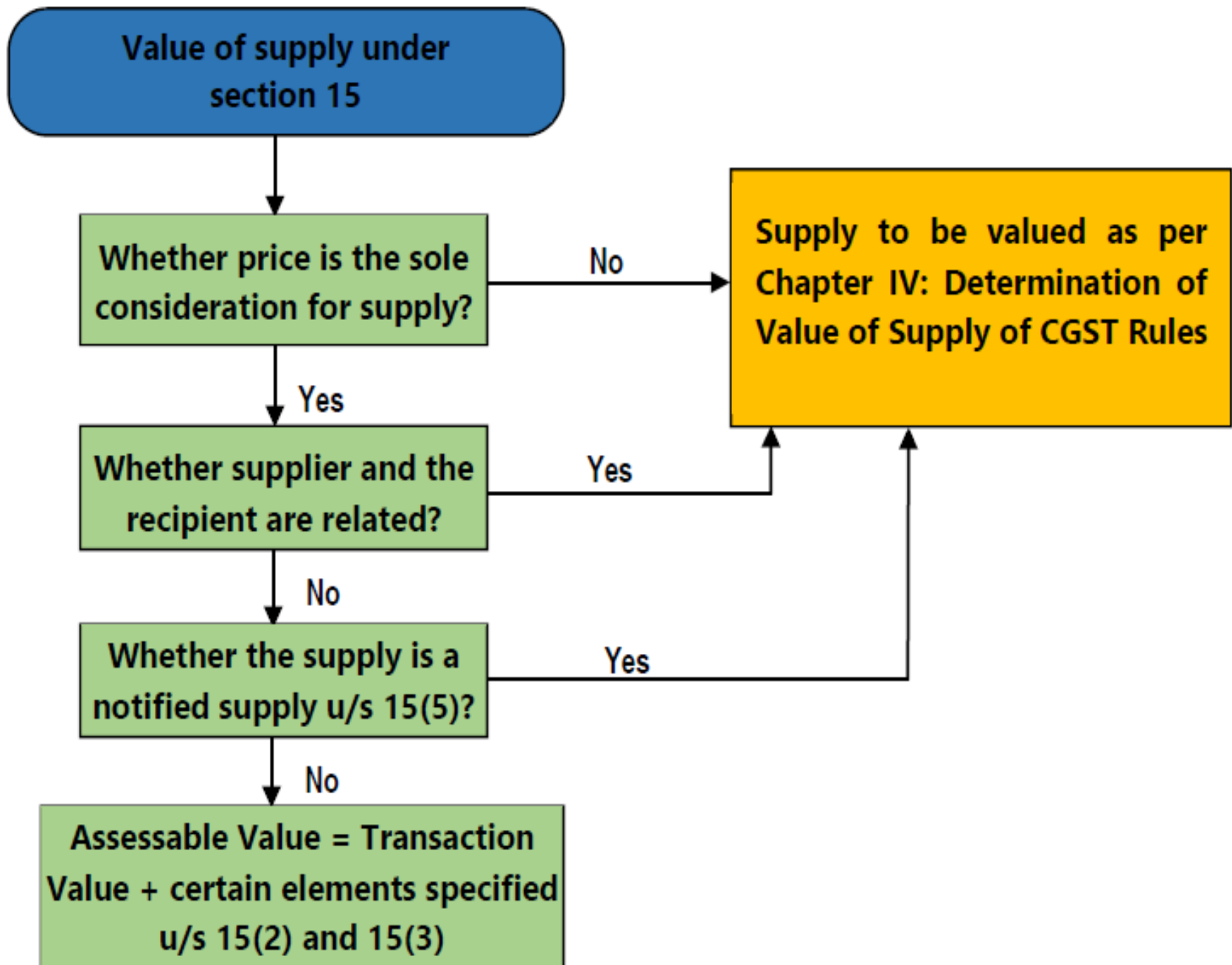
Value of
supply will be
Transaction
value +
certain
elements

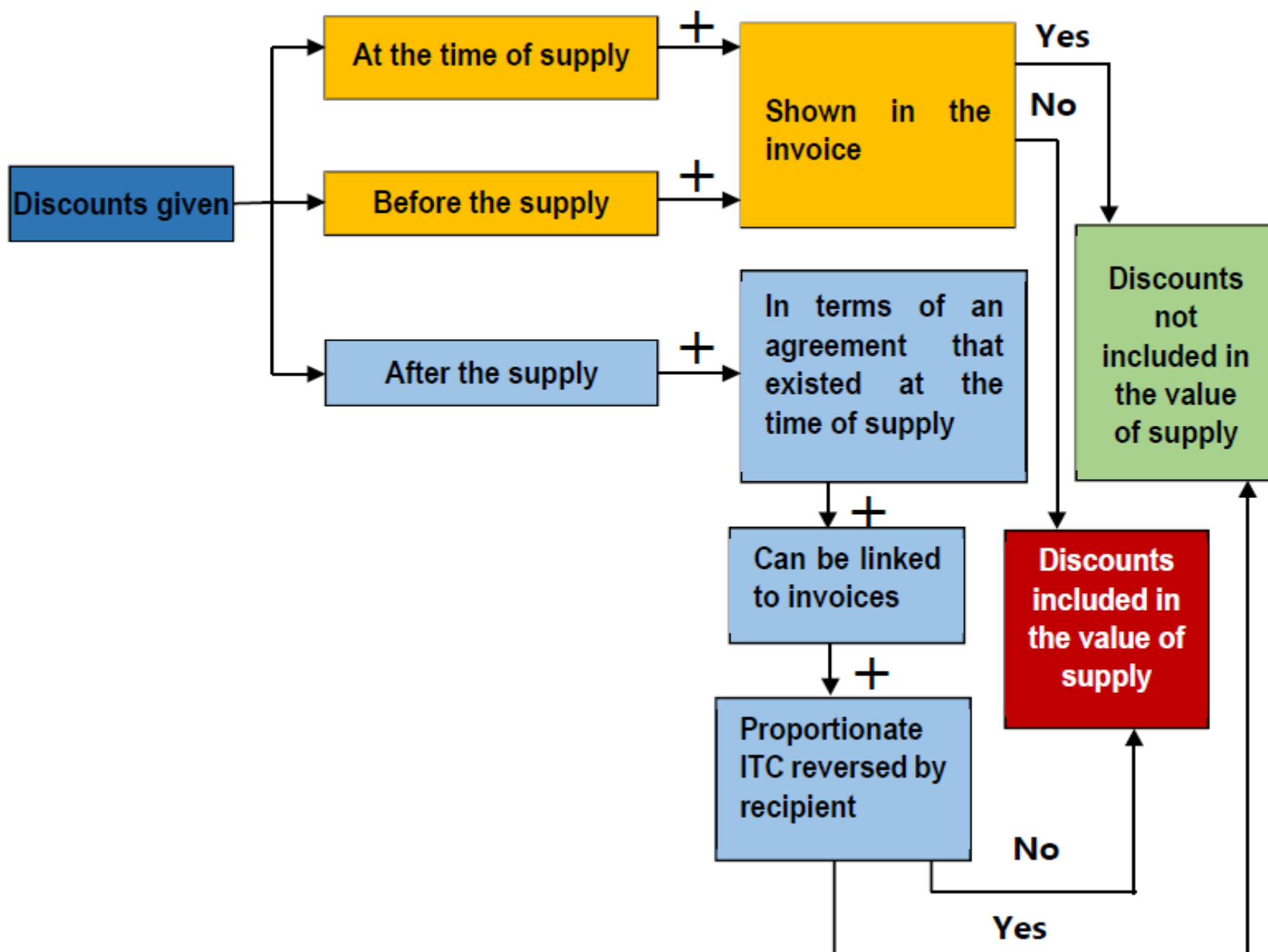


Price is the
sole
considerati-
on for the
supply

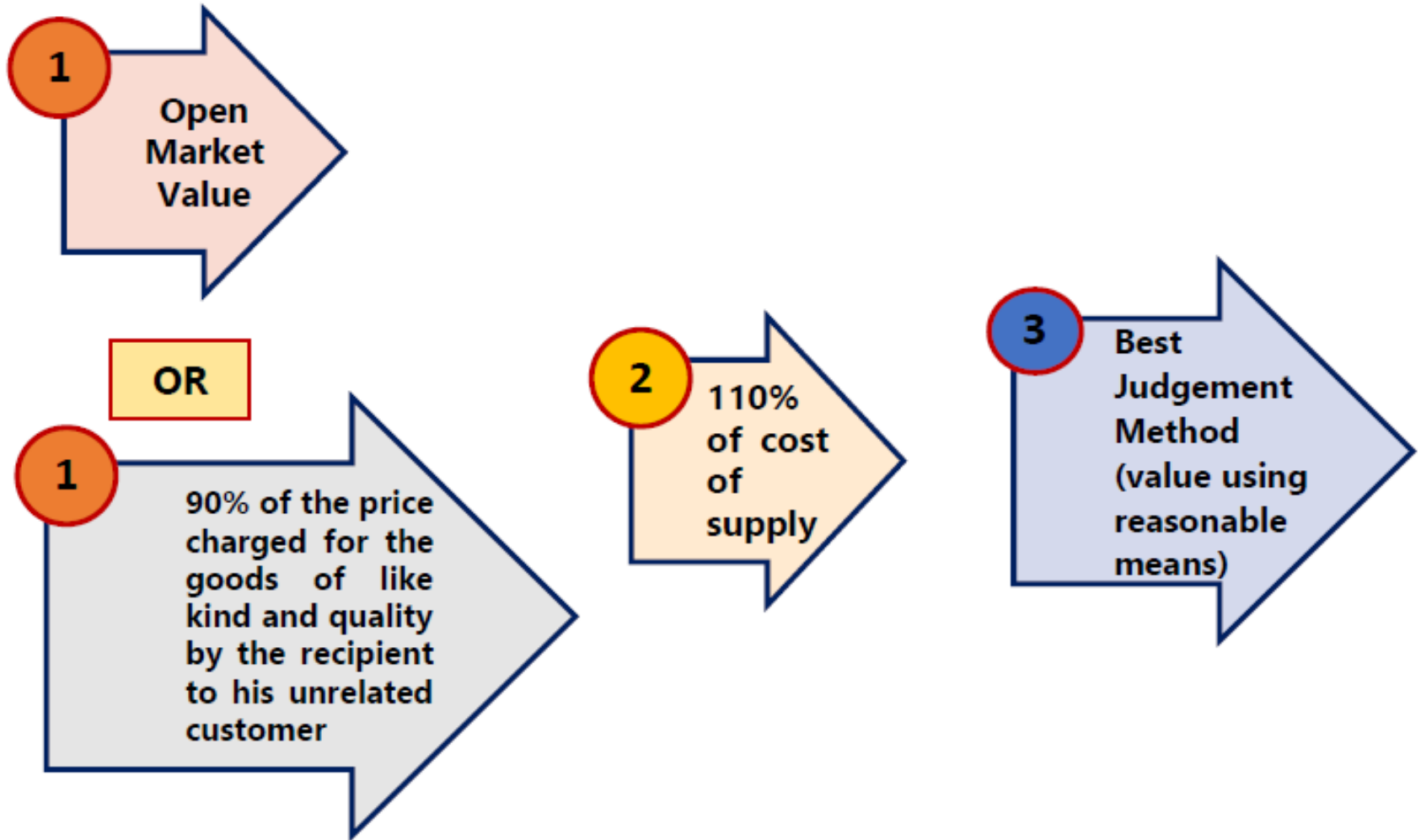


Supply is
between
unrelated
persons



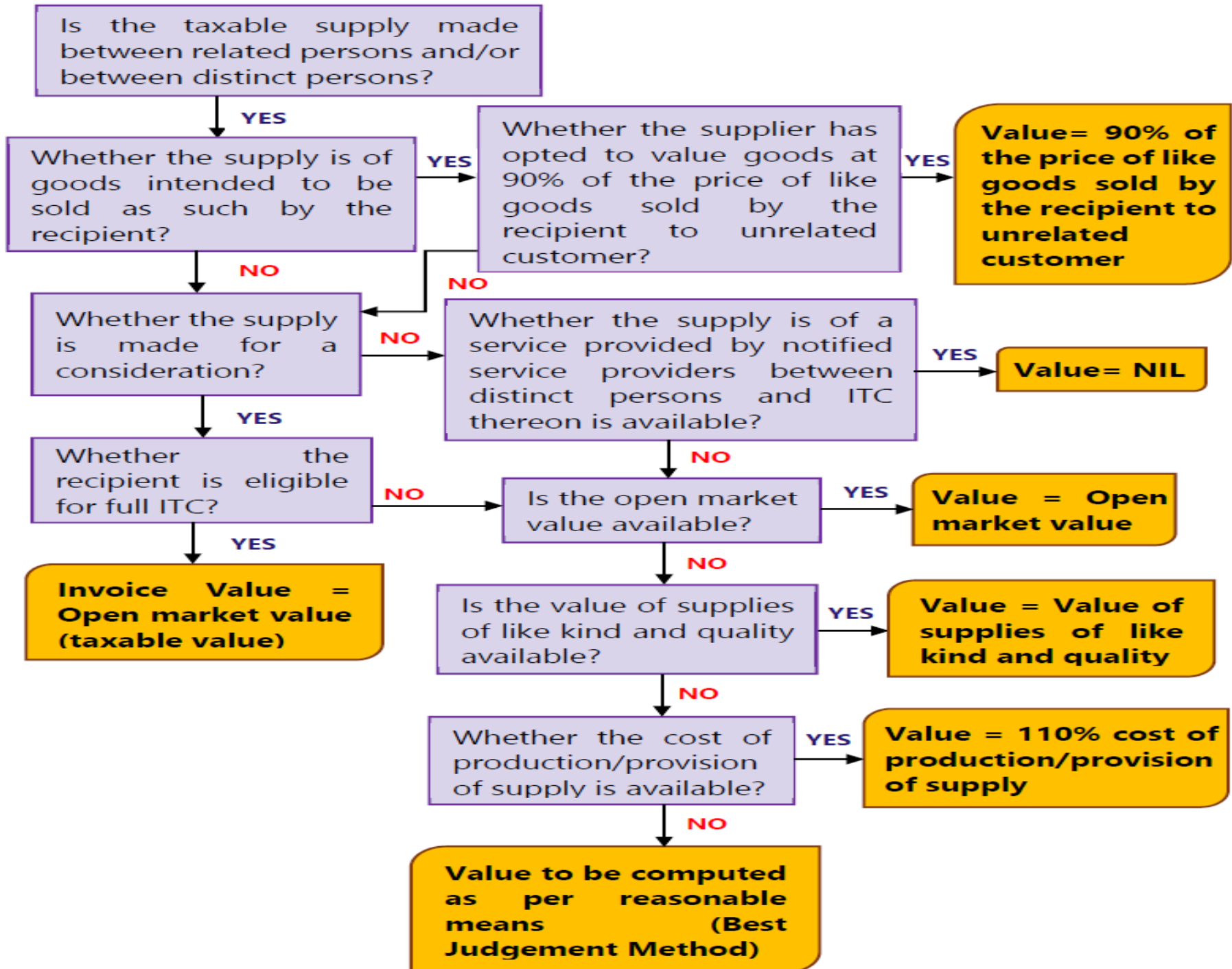


Value of supply of goods through Agent



Valuation of transactions between related persons and between distinct persons

- See flow chart of next slide



**Purchase or
sale of foreign
currency
including
money
changing**

**Booking of
tickets for
air travel by
an air travel
agent**

**SPECIAL
VALUATION
METHODS
FOR 5
SUPPLIES**

**Life
insurance
business**

**Value of
redeemable
vouchers/
stamps/
coupons/
tokens**

**Value of
supply of
second
hand
goods**

Method 1

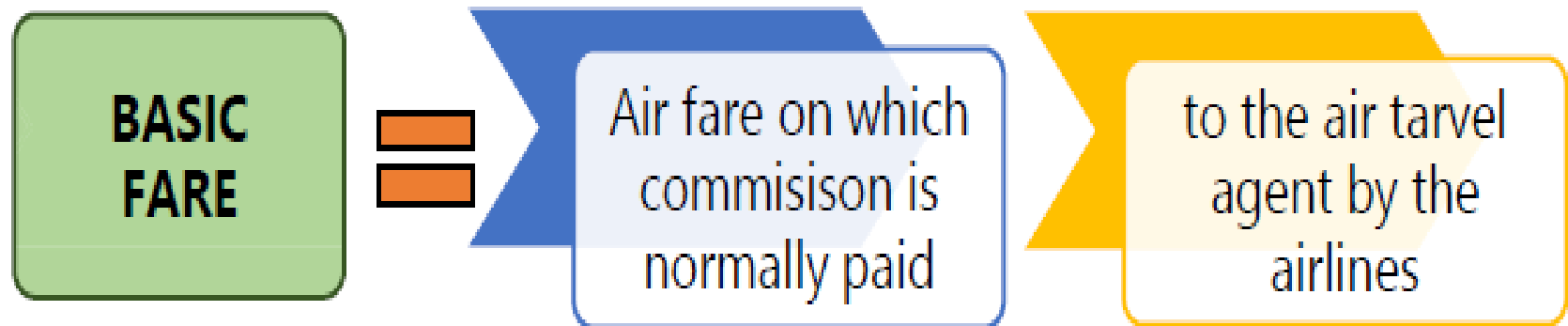
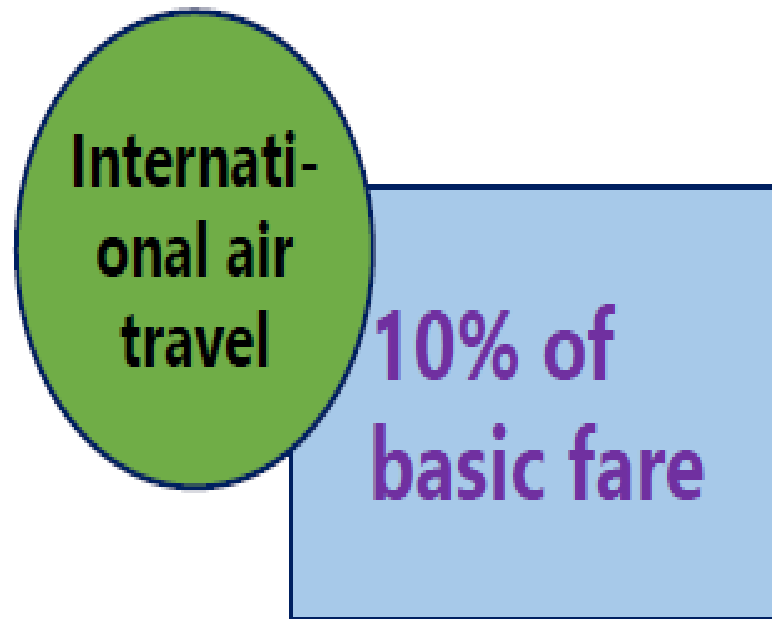
Value = [Buying/Selling rate - RBI reference rate at that time] x total units of currency.

If no RBI reference rate, value = 1% of INR received/provided.

If the currencies exchanged are not in INR, value = lesser of the 2 amounts that would have been received by converting any of currencies into INR at RBI reference rate

Method 2

S. No.	Currency exchanged	Value of supply
1.	Upto ₹ 1,00,000	1% of the gross amount of currency exchanged OR ₹ 250 whichever is higher
2.	Exceeding ₹ 1,00,000 and upto ₹ 10,00,000	₹ 1,000 + 0.50% of the (gross amount of currency exchanged - ₹ 1,00,000)
3.	Exceeding ₹ 10,00,000	₹ 5,500 + 0.1% of the (gross amount of currency exchanged - ₹ 10,00,000) OR ₹ 60,000 whichever is lower



**Policy with dual
benefits of risk
coverage and
investment**

• Taxable value = Gross premium charged less amount allocated for investments/savings if such allocation is intimated to the policy holder at the time of collection of premium

**Single premium
annuity policy**

• Taxable value = 10% of the single premium charged from the policy holder where allocation for investments/savings is not intimated to the policy holder

Other cases

• Taxable value = 25% of premium charged from the policy holder in the 1st year and 12.5% of premium charged for subsequent years

**Policy with ONLY risk
cover**

• Taxable value = Entire premium charged from the policy holder

VALUE OF SECOND HAND GOODS

When ITC is not availed [Margin Scheme]

- Value = Selling price - Purchase price
- Selling price < Purchase price
⇒ Ignore negative value
- CGST on second hand goods received from unregistered supplier exempt

When ITC is availed

- Normal valuation as per other applicable provisions

**If the defaulting borrower is
un-registered**

**Purchase value = Purchase
price in the hands of such
borrower reduced by 5%
for every quarter or part
thereof, between the date
of purchase and the date of
disposal by the person
making such repossession**

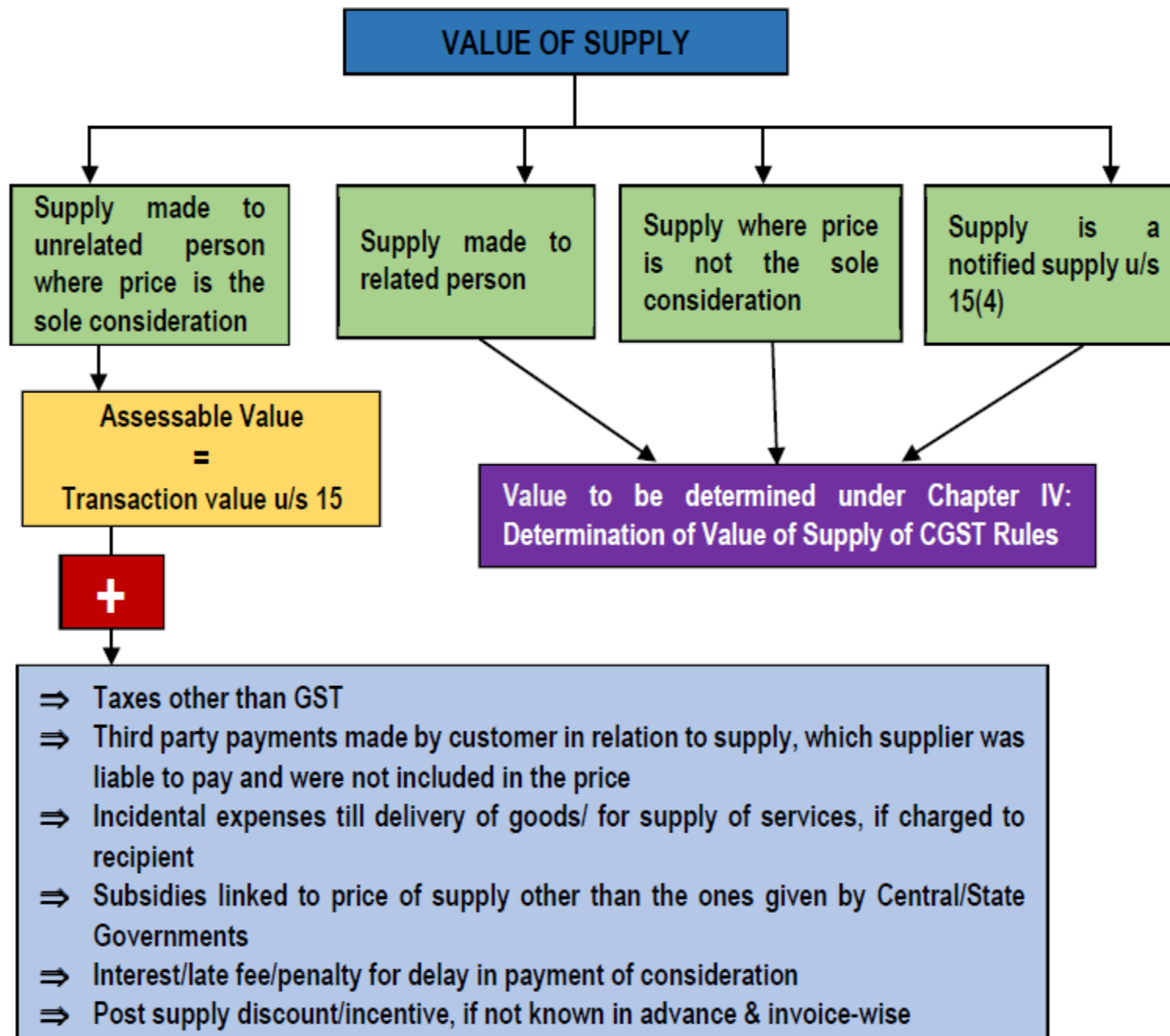
**If the defaulting borrower is
registered**

**The reposessing lender
agency will discharge GST
at the supply value without
any reduction from
actual/notional purchase
value**

Special provisions relating to determination of value of redeemable vouchers/ stamps (other than postage stamps)/ coupons/ tokens



Value = money value of the goods and/or services redeemable against such token, voucher, coupon or stamp



VALUATION RULES

RULE 27: Consideration not wholly in money

Value shall be either of the following in the given order:

- open market value
- total of consideration in money + amount equal to the consideration not in money
- value of supplies of like kind and quality
- consideration in money + money value of consideration as per rule 30 or 31 in that order.

RULE 33: Supply as a pure agent

Costs incurred by the supplier as a pure agent of recipient shall be excluded from value

RULE 28: Supply between distinct/related persons, other than agent

Value shall be either of the following in the given order:

- open market value
- value of supplies of like kind and quality
- value as per rule 30 or 31 in that order.
- ♦ Option to supplier to value goods sold as such by recipient \Rightarrow Value = 90% of price charged by recipient to its unrelated customer
- ♦ Recipient eligible for ITC \Rightarrow invoice value = open market value (taxable value)

RULE 29: Supply made/received through an agent

Value shall be either of the following in the given order:

- open market value or 90% of price charged by recipient to his unrelated customer for supplies of like kind and quality;
- value as per rule 30 or 31 in that order.

RULE 30: Value based on cost

Value shall be 110% of cost of production/acquisition/provision of goods or services

RULE 31: Residual method (Best Judgement Method)

Value shall be determined using reasonable means consistent with the principles and general provisions of section 15 & valuation rules. For services, rule 31 can be adopted before rule 30.

RULE 34: Rate of exchange for determination of value

Goods = Rate notified by CBEC under Customs Act on the date of time of supply of such goods;
Services = Rate as per GAAP on the date of time of supply of such services

Rule 35: Value inclusive of taxes

Where value of supply is inclusive of CGST, SGST/UTGST or IGST, the tax amount is calculated by making back calculations. Tax amount = (Value inclusive of GST x GST rate in % of IGST or CGST, SGST/UTGST)/100 + sum of applicable GST rates in %)

RULE 32: Value of in respect of certain specific supplies

⇒ **Purchase/sale of foreign currency:** 1st method-Value = [Buying/Selling rate - RBI reference rate at that time] x total units of currency. If no RBI reference rate, value = 1% of INR received/provided. If the currencies exchanged are not in INR, value = lesser of the 2 amounts that would have been received by converting any of currencies into INR at RBI reference rate **OR** 2nd method

Currency	Value
Upto ₹ 1,00,000	1% or ₹ 250 whichever is higher
From ₹ 1,0001 to ₹ 10,00,000	₹ 1,000 + 0.5%
From ₹ 10,00,001	₹ 5,500 + 0.1% subject to maximum of ₹ 60,000

⇒ **Booking of tickets by air travel agent:** Value = 5% of basic fare for domestic bookings and 10% of the basic fare for international bookings.

⇒ **Life insurance business:** If amount allocated for investment is intimated - Value = Gross premium less amount allocated for investment; Single premium annuity policies where amount allocated for investment is not intimated - Value = 10% of single premium; Other cases – Value = 25% of premium in 1st year and 12.5% of premium in subsequent years; Policy only towards risk cover – Value = Entire premium

⇒ **Buying & selling of second hand goods:** Value = Selling price – Buying price (ignore if value is negative); Purchase value of goods repossessed from unregistered borrower = Purchase price- 5% per quarter or part thereof from date of purchase till the date of disposal by the person making repossession

⇒ **Coupon/voucher:** Value = money value of supplies redeemable against such voucher/ coupon

⇒ **Notified services between distinct persons without consideration:** Value = Nil, if ITC is available

Question 1

Contracted price for 1 MT of cement from X Ltd to Y: Rs. 7000.

Advance payment before despatch: Rs. 700.

Payable after credit period of 30 days: Rs. 6300.

Base taxable value: Rs. _____

Question 2

Which of the following statements are correct:

- a) GST and GST cess are not part of taxable value, but other taxes/cesses/fees etc. will form part of the value of taxable supply, if separately billed**
- b) if a supplier of goods pays a municipal tax in relation to the goods being supplied and bills the same separately, such tax will form part of the value of taxable supply**
- c) if the supplier pays the municipal tax but does not charge the same separately, even then such tax will form part of the value of taxable supply**

Question 3

Grand Biz contracts with ABC Co. to conduct a dealers' meet. In furtherance of this, Grand Biz contracts with vendors to deliver goods/ services, like water, soft drinks, audio system, projector, catering, flowers etc. at the venue on the stipulated dates at the stipulated prices. Grand Biz is liable to make these payments as contracted.

The soft drinks supplier wants payment upon delivery; ABC Co. agrees to pay the bill raised by the soft drinks vendor on Grand Biz on receiving the crates of soft drinks. This amount is not billed by Grand Biz to ABC Co. Whether, it would be added to the value of service provided by Grand Biz to ABC Co.

Question 4

A supply priced at Rs. 2,000 is made, with a credit period of 1 month for payment. Thereafter interest of 12% is charged. The payment is received after the lapse of two months from the date of supply.

The amount of 12% p.a. (i.e. 1% per month) on Rs. 2,000 for one month after the free credit period is Rs. 20.

The value of taxable supply will work out to be Rs. _____

Question 5

The selling price of a notebook is Rs. 50. For notebooks sold to students in Government schools, the company uses its CSR funds to pay the seller Rs. 30, so that the students pay only Rs. 20 per notebook. The taxable value of the notebook will be Rs.

If the same subsidy is being paid by the Central Government or State Government, then the taxable value of the notebook would be Rs.

Question 6

Royal Biscuit Co. gives a discount of 30% on the list price to its distributors. Thus, for a carton of Spicebisk Biscuits, in the invoice the list price is mentioned as Rs. 200, on which a discount of 30% is given to arrive at the final price of Rs. 140. The taxable value is Rs. _____

Question 7

Black and White Pvt. Ltd. has provided the following particulars relating to goods sold by it to Colourful Pvt. Ltd.

List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods	5,000
CGST and SGST chargeable on the goods	10,440
Packing charges (not included in price above)	1,000

Black and White Pvt. Ltd. received Rs. 2000 as a subsidy from a NGO on sale of such goods. The price of Rs. 50,000 of the goods is after considering such subsidy. Black and White Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods. Determine the value of taxable supply made by Black and White Pvt. Ltd.

Particulars	Rs.
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods	5,000
CGST and SGST chargeable on the goods	Not includible
Packing charges	1,000
Subsidy received from a non-Government body	2,000
Total	58,000
Less: Discount @ 2% on Rs. 50,000	1,000
Value of taxable supply	57,000

Question 8

Samriddhi Advertisers conceptualised and designed the advertising campaign for a new product launched by New Moon Pvt Ltd. for a consideration of Rs. 5,00,000.

Samriddhi Advertisers owed Rs. 20,000 to one of its vendors in relation to the advertising service provided by it to New Moon Pvt Ltd.

Such liability of Samriddhi Advertisers was discharged by New Moon Pvt Ltd.

New Moon Pvt Ltd. delayed the payment of consideration and thus, paid Rs. 15,000 as interest.

Determine the value of taxable supply made by Samriddhi Advertisers.

Particulars	Rs.
Service charges	5,00,000
Payment made by New Moon Pvt. Ltd to vendor of Samriddhi Advertisers	20,000
Interest for delay in payment of consideration	15,000
Value of taxable supply	5,35,000

Question 9

Transaction where one of the currencies exchanged is Indian Rupees:

On 10th May, Mr. Doshi converted USD \$ 100 into Rs. 6,400 @ Rs. 64 per USD through Eastern Money Changers. RBI reference rate on 10th May for US \$ is Rs. 63 per US \$. The value of supply in this case is $(\text{Rs. } 63 - \text{Rs. } 64) * \$ 100 = \text{Rs. } 100$ and GST will be levied on this amount.

If the RBI reference rate is not available, then 1% of Rs. 6,400 i.e., Rs. 64 will be the value of supply of service.

Question 10

Transaction where neither of the currencies exchanged is Indian Rupees:

US \$ 9,000 are converted into UK £ 4,500. RBI reference rate at that time for US \$ is Rs. 63 per US dollar and for UK £ is Rs. 82 per UK Pound. In this case, neither of the currencies exchanged is Indian Rupee. Hence, in the given case, value of taxable service would be 1% of the lower of the following:

(a) US dollar converted into Indian rupees = \$ 9,000 × Rs. 63 = Rs. 5,67,000

(b) UK pound converted into Indian rupees = £ 4,500 × Rs. 82 = Rs. 3,69,000

Value of taxable service = 1% of Rs. 3,69,000 = Rs. 3,690

Special Opt-able Slabs

The person supplying the service may also exercise the following option to ascertain the value of service. However, once opted he cannot withdraw it during the remaining part of the financial year:

Currency exchanged	Value of supply
Upto Rs. 1,00,000	1% of the gross amount of currency exchanged; or Rs. 250 whichever is higher
Exceeding Rs. 1,00,000 and upto Rs. 10,00,000	Rs. 1,000 + 0.50% of the [gross amount of currency exchanged (-) Rs. 1,00,000]
Exceeding Rs. 10,00,000	Rs. 5,500 + 0.1% of the [gross amount of currency exchanged (-) Rs. 10,00,000]; or Rs. 60,000 whichever is lower

Question 11

Mr. X, a money changer, has exchanged US \$ 10,000 to Indian rupees @ Rs. 64 per US \$. Mr. X wants to value the supply in accordance with the option provided under rule 32(2)(b) of CGST Rules.

Determine the value of supply made by Mr. X.

Value of currency exchanged in Indian rupees [Rs. 64 x US \$ 10,000]	6,40,000
Upto Rs. 1,00,000	1,000
For Rs. 5,40,000 [0.50% x Rs. 5,40,000]	2,700
Value of supply	3,700

Special provisions relating to determination of **value of service of booking of tickets for air travel by an air travel agent**

```
graph TD; A[Special provisions relating to determination of value of service of booking of tickets for air travel by an air travel agent] --> B[in case of domestic travel]; A --> C[in case of international travel]; B --> D[5% of basic fare]; C --> E[10% of basic fare];
```

in case of **domestic travel**

5% of basic fare

in case of **international travel**

10% of basic fare

Basic Fare = Air fare on which commission is normally paid to the air travel agent by the airlines

Question 12

Mr. U is an air travel agent. Compute the value of supply of service made by him during a month with the help of following particulars furnished by him:

Particulars	Basic fare	Other charges and fees	Taxes	Total value of Tickets
Domestic Bookings	1,00,900	9,510	4,990	1,15,400
International Bookings	3,16,880	20,930	15,670	3,53,480

Particulars	Amount
Basic fare in case of domestic bookings	1,00,900
Value of supply @ 5% [A]	5,045
Basic fare in case of international bookings	3,16,880
Value of supply @ 10% [B]	31,688
Value of supply [A] + [B]	36,733

Special provision relating to determination of value of service in relation to life insurance business

Policy with dual benefits of risk coverage and investment	Single premium annuity policy	Other cases	Policy with <u>only</u> risk cover
Taxable Value			
Gross premium charged (-) amount allocated for investments/savings if such allocation is intimated to the policy holder at the time of collection of premium	10% of the single premium charged from the policy holder where allocation for investments/savings is not intimated to the policy holder	25% of premium charged from the policy holder in the 1st year and 12.5% of premium charged for subsequent years	Entire premium charged from the policy holder

Question 13

Arihant Life Insurance Company Ltd. (ALICL) has charged gross premium of Rs. 180 lakh from policy holders with respect to life insurance policies in the 2017-18; out of which Rs. 100 lakh have been allocated for investment on behalf of the policy holders. Compute the value of supply of life insurance services provided by ALICL:

- a) if the amount allocated for investment has been intimated by ALICL to policy holders at the time of supply of service;**
- b) if the amount allocated for investment has not been intimated by ALICL to policy holders at the time of providing of service;**
- c) if the gross premium charged by ALICL from policy holders is only towards risk cover**

Note: ALICL has started its operations in the year 2017-18. Thus, the entire gross premium of Rs. 180 lakh is the premium for the first year of all the policies. ALICL has not issued any single premium annuity policy

Value of supply of life insurance services provided by ALICL in financial year 2017-18 will be computed as follows:

Amount allocated for investment intimated to policy holder at the time of supply of service:

Value of service = Rs. (180-100) lakh = Rs. 80,00,000

Amount allocated for investment not intimated to policyholders at the time of supply of service:

Value of service = 25% of Rs. 180 lakh = Rs. 45,00,000

Gross premium received is only towards risk cover:

Value of service = Rs. 180 lakh

Question 14

A company X Ltd, which deals in buying and selling of second hand cars, purchases a second hand Maruti Alto Car of March, 2014 make (Original price Rs. 5 lakh) for Rs. 3 lakh from an unregistered person and sells the same after minor furbishing for Rs. 3,50,000.

The supply of the car to the company for Rs. 3 lakh shall be _____;

The supply of the same by the company to its customer for Rs. 3.5 lakhs shall be _____

The value for GST purpose shall be Rs. _____

Question 15

Rajesh & Co. provides financial and management consultancy to a group of companies for an annual retainership fee of Rs. 15 lakh. It is given a room in the head office of the group for its exclusive use. Rajesh & Co. pays GST on the amount of Rs. 15 lakhs.

Is the value for the service provided by Rajesh & Co., correct under GST laws.



Input Tax Credit

**Provisions of section 16 relating to
eligibility and conditions for taking ITC
read with relevant rules**



Registered person to take credit of tax paid on inward supplies of goods and/or services

used/ intended to be used in the course or furtherance of business

if the following four conditions are fulfilled:

He has furnished GSTR 3

Tax on such supply has been paid either in

He has received goods and/or services

He has valid tax invoice/debit note/prescribed tax paying document

Cash

Utilisation of ITC

Goods received in lots – ITC allowed upon receipt of last lot

If depreciation claimed on tax component, ITC not allowed

Goods delivered to third person on the direction of the registered person deemed to be received by the registered person ⇒ ITC available to registered person [Bill to Ship to Model]

Time limit for availing ITC - ITC pertaining to a particular FY can be availed by 20th October of next FY or filing of annual return, whichever is earlier.

Exception: Re-availment of ITC reversed earlier

- ❖ ITC to be reversed with interest @ 18% if value + tax of goods and /or services is not paid within 180 days of the issuance of invoice.
- ❖ Such supplies will be specified in GSTR -2 of the month immediately following 180 days and ITC added in the output tax liability of the said month.
- ❖ On payment, the ITC could be re-availed without any time limit.

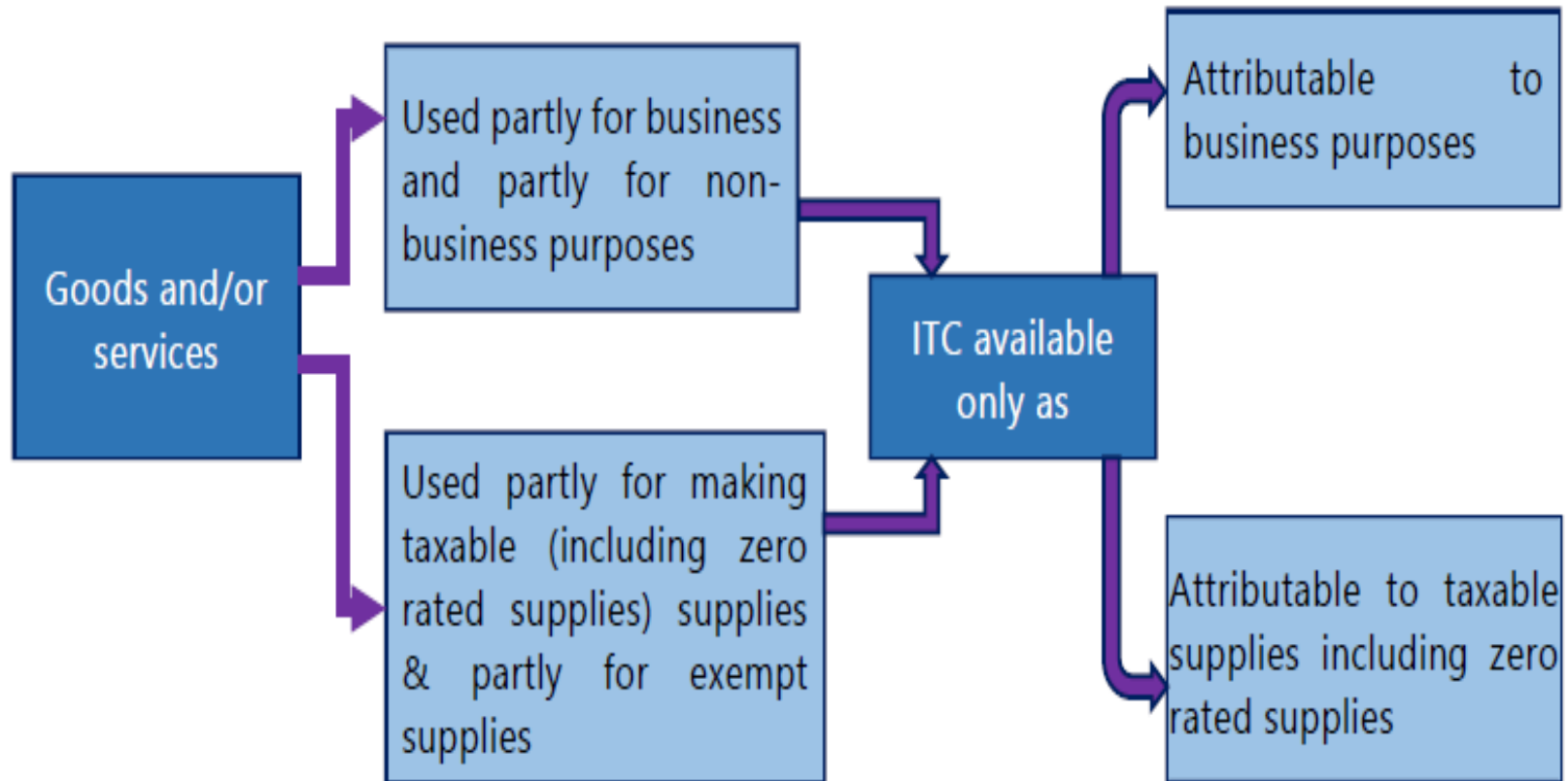
EXCEPTIONS

- Supplies under reverse charge
- Deemed supplies without consideration

**Provisions of section 17 relating to
apportionment of credit and blocked
credits read with relevant rules**

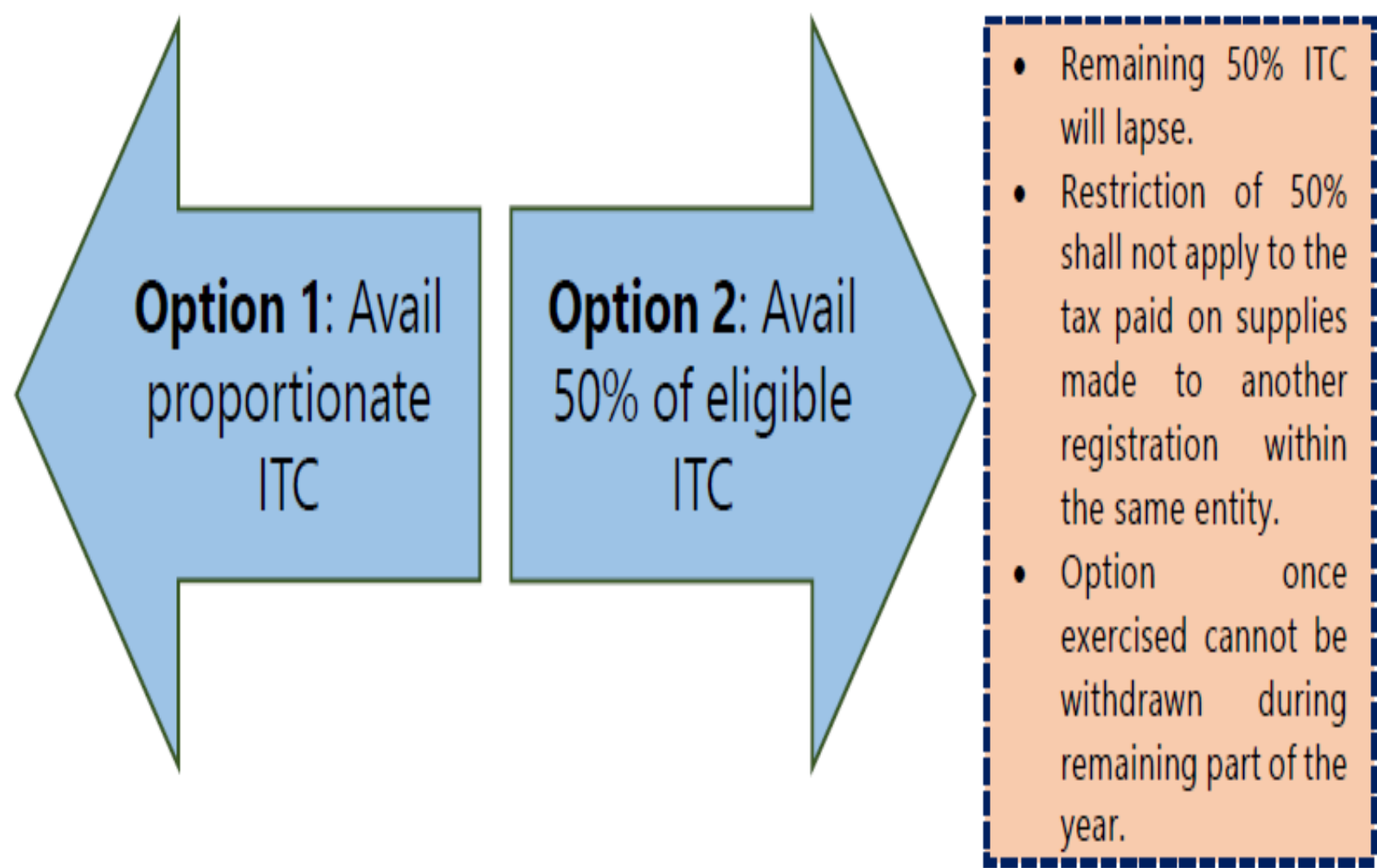


A. Apportionment of credit



Exempt supplies include supplies charged to tax under reverse charge, transactions in securities, sale of land and sale of building when entire consideration is received post completion certificate.

B. Special provisions for banking companies and NBFCs

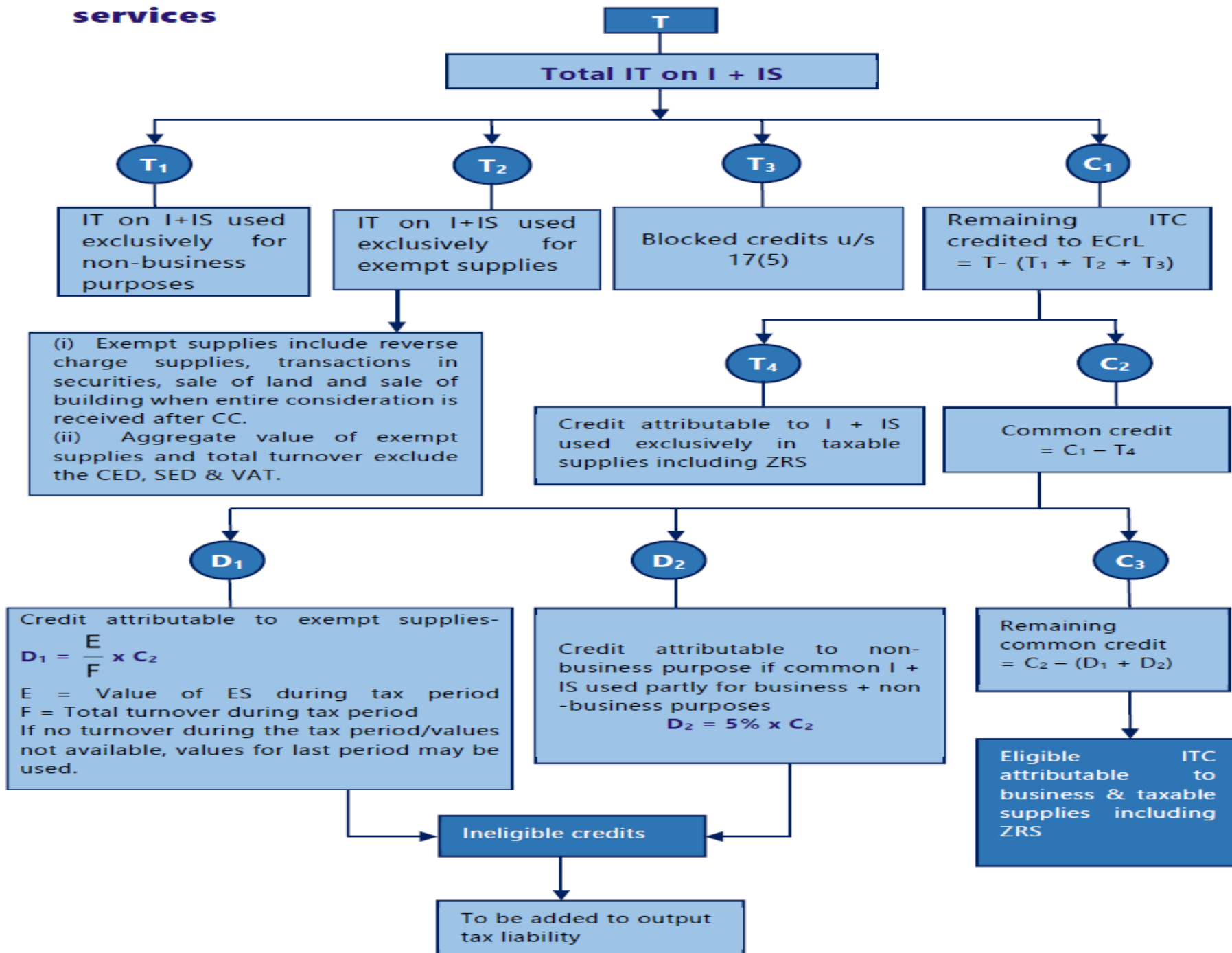


Option 1: Avail proportionate ITC

Option 2: Avail 50% of eligible ITC

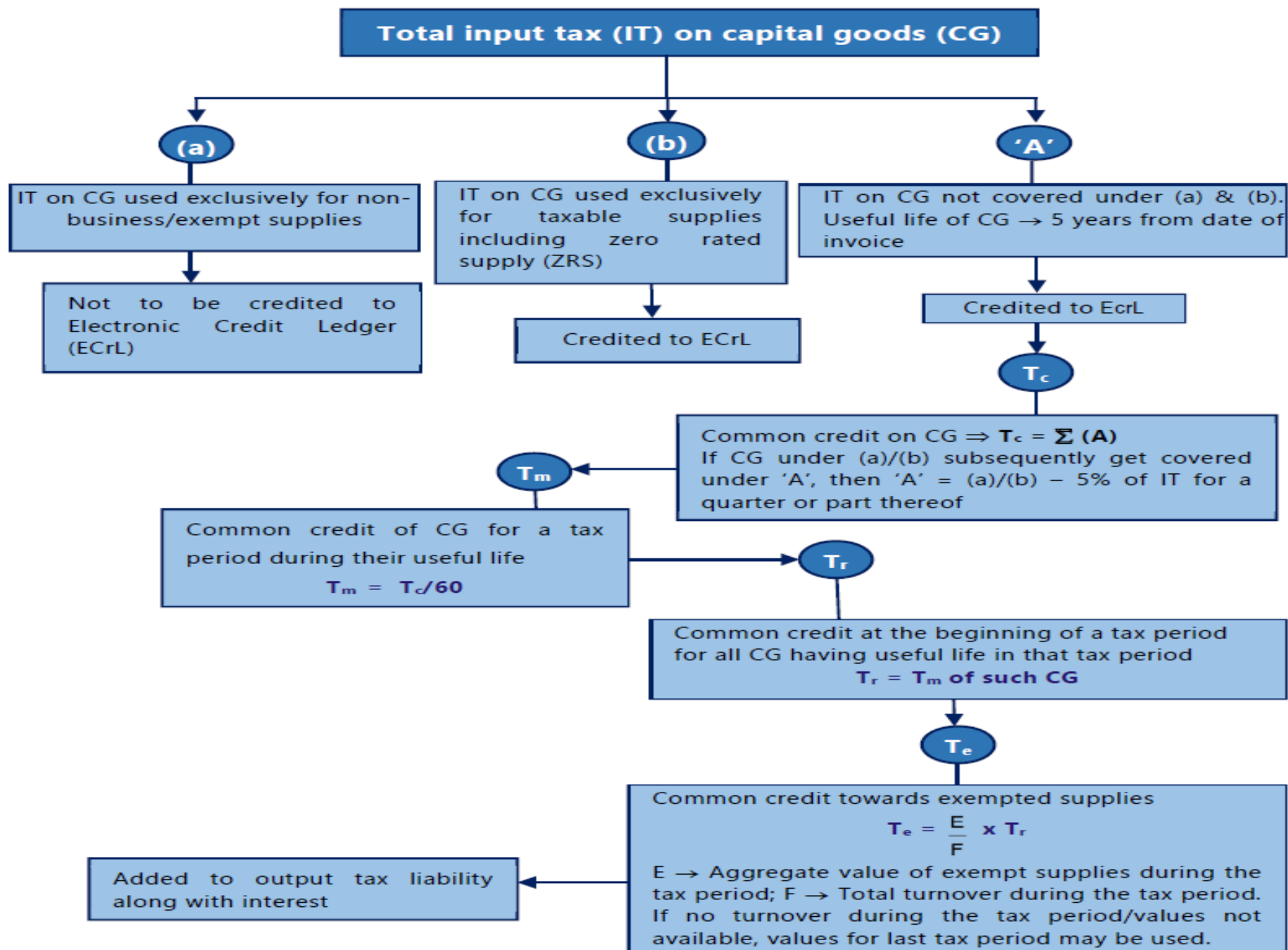
- Remaining 50% ITC will lapse.
- Restriction of 50% shall not apply to the tax paid on supplies made to another registration within the same entity.
- Option once exercised cannot be withdrawn during remaining part of the year.

C. Apportionment of common credit in case of inputs and input services



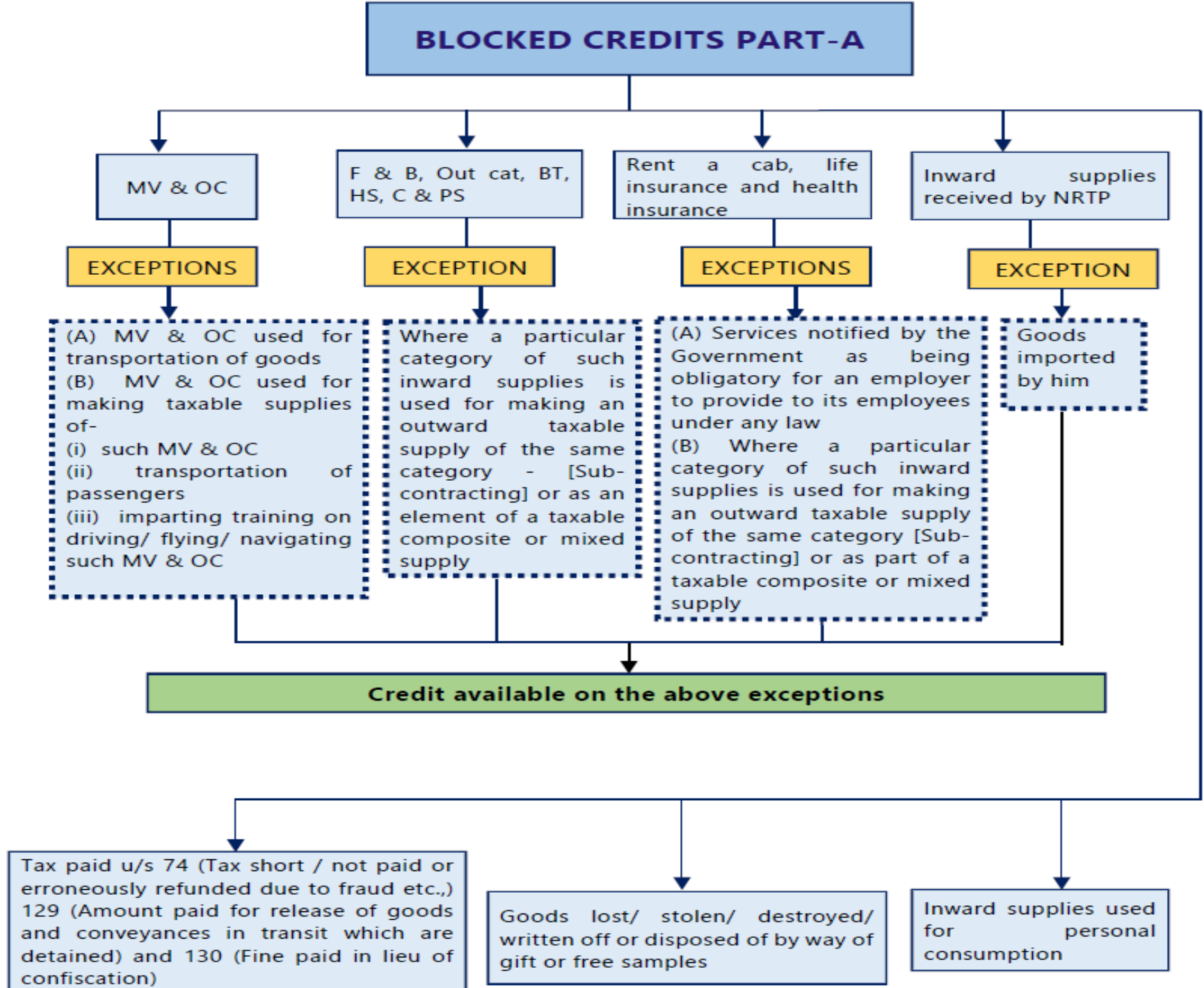
- C_3 will be computed separately for ITC of CGST, SGST/ UTGST and IGST.
- $\sum (D_1 + D_2)$ will be computed for the whole financial year, by taking exempted turnover and aggregate turnover for the whole financial year. If this amount is more than the amount already added to output tax liability every month, the differential amount will be added to the output tax liability in any of the month till September of succeeding year along with interest @ 18% from 1st April of succeeding year till the date of payment.
- If this amount is less than the amount added to output tax liability every month, the additional amount paid has to be claimed back as credit in GSTR 3 of any month till September of the succeeding year.

D. Apportionment of common credit on capital goods



- It will be computed separately for ITC of CGST, SGST/ UTGST and IGST.
- Exempt supplies include reverse charge supplies, transactions in securities, sale of land and sale of building when entire consideration is received after completion certificate.
- Aggregate value of exempt supplies and total turnover excludes the central excise duty, State excise duty & VAT.

BLOCKED CREDITS PART-A



BLOCKED CREDITS PART-B

WCS for construction of immovable property

EXCEPTIONS

- (A) WCS for P & M
- (B) Where WCS for immovable property is input service for further supply of WCS [Sub-contracting]

Inward supplies received by taxable person for construction of immovable property on his own account including when such supplies are used in the course or furtherance of business

EXCEPTIONS

- (A) Construction of P & M
- (B) Construction of immovable property for others

Credit available on such exceptions

Inward supplies charged to composition levy

Travel benefits to employees on vacation [LTC/HT]

Membership of a club/ health & fitness centre

*MV&OC-Motor vehicle & other conveyance;
F&B-Food & beverages; Out cat-Outdoor
catering; BT-Beauty treatment
HS-Health services; C&PS-Cosmetic &
plastic surgery; NRTP-Non-resident taxable
person; WCS-Works contract service; LTC-
Leave Travel Concession; HT-Home town*

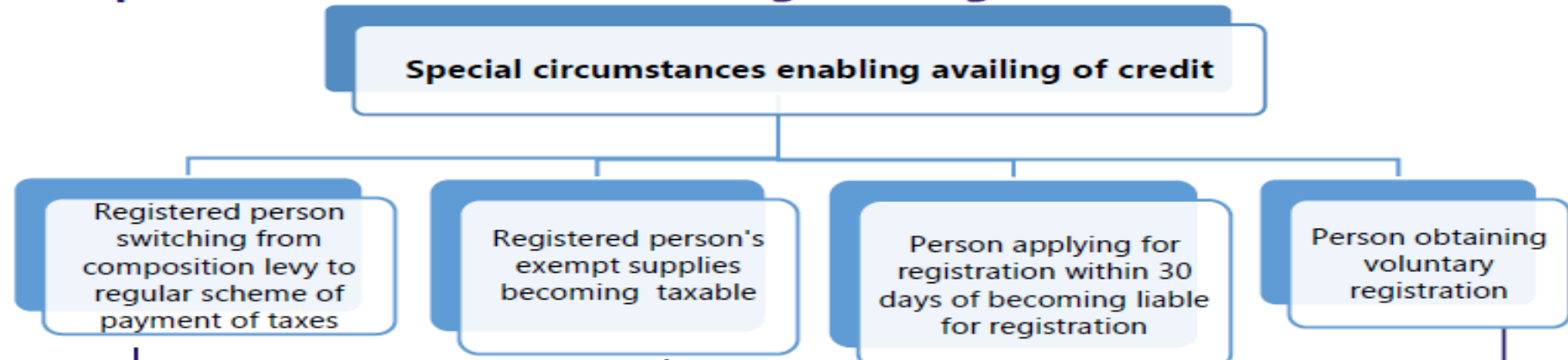
(A) Construction includes re-construction/ renovation/ addition/ alterations/ repairs to the extent of capitalisation to said immovable property.

(B) P & M means apparatus, equipment, & machinery fixed to earth by foundation or structural supports but excludes land, building/ other civil structures, telecommunication towers, and pipelines laid outside the factory premises.

Provisions of section 18 read with relevant rules



A. Special circumstances enabling availing of credit



ITC, in all the above cases, is to be availed within 1 year from the date of issue of invoice by the supplier.

Conditions for availing above credit:

- Filing of electronic declaration giving details of inputs held in stock/contained in semi-finished goods and finished goods held in stock and capital goods on the days immediately preceding the day on which credit becomes eligible.
- Declaration has to be filed within 30 days from becoming eligible to avail credit.
- Details in (i) above to be certified by a CA/ Cost Accountant if aggregate claim of CGST, SGST/ IGST credit is more than ₹ 2,00,000.

becomes liable to pay tax under regular

supply becomes taxable

he becomes liable to pay tax

registration

B. Special circumstances leading to reversal of credit/payment of amount

Special circumstances leading to reversal of credit /payment of amount

Registered person (who has availed ITC) switching from regular scheme of payment of tax to composition levy

Supplies of registered person getting wholly exempted from tax

Cancellation of registration

Supply of capital goods (CG)/ plant and machinery (P& M) on which ITC has been taken

Amount to be reversed is equivalent to ITC on :

- Inputs held in stock/ inputs contained in semi-finished or finished goods held in stock
 - Capital goods
- on the day immediately preceding the date of switch over/ date of exemption/date of cancellation of registration

Manner of reversal of credit on inputs and capital goods & other conditions

- (i) **Inputs** ⇒ Proportionate reversal based on corresponding invoices. If such invoices not available, prevailing market price on the effective date of switch over/ exemption/cancellation of registration should be used with due certification by a practicing CA/ Cost Accountant
- (ii) **Capital goods** ⇒ Reversal on *pro rata* basis pertaining to remaining useful life (in months), taking useful life as 5 years.
- (iii) ITC to be reversed will be calculated separately for ITC of CGST, SGST/UTGST and IGST.
- (iv) Reversal amount will be added to output tax liability of the registered person.
- (v) Electronic credit/cash ledger will be debited with such amount. Balance ITC if any will lapse.

Amount to be paid is equivalent to higher of the following:

- (i) ITC on CG or P&M less 5% per quarter or part thereof from the date of invoice
 - (ii) Tax on transaction value of such CG or P & M
- If amount at (i) exceeds (ii), then reversal amount will be added to output tax liability.
 - Separate ITC reversal is to be done for CGST, SGST/UTGST and IGST
 - Tax to be paid on transaction value when refractory bricks, moulds, dies, jigs & fixtures are supplied as scrap.

Transfer of unutilised ITC on account of change in constitution of registered person

In case of sale, merger, amalgamation, lease or transfer of business, unutilised ITC can be transferred to the new entity if there is a specific provision for transfer of liabilities to the new entity. The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of accounts.

In case of demerger, ITC will be apportioned in the ratio of value of assets of new unit as per the demerger scheme.

Details of change in constitution will have to be furnished on common portal along with request to transfer unutilised ITC. CA/Cost Accountant certificate will have to be submitted certifying that change in constitution has been done with specific provision for transfer of liabilities.

Upon acceptance of such details by the transferee on the common portal, the unutilized ITC will be credited to his Electronic Credit Ledger.

Provisions of section 19 relating to ITC on goods sent for job work read with relevant rules



- ❑ Principal can take credit on goods (inputs and capital goods) sent for job work.
- ❑ Credit can be taken even if the said goods are sent directly to job worker without being first brought to the principal's place of business

Time limit for return of goods sent for job work/supply from job worker's place of business

- Inputs - 1 year
 - Capital goods - 3 years
- from the date of sending the same for job work or from the date of receipt of the same by the job worker

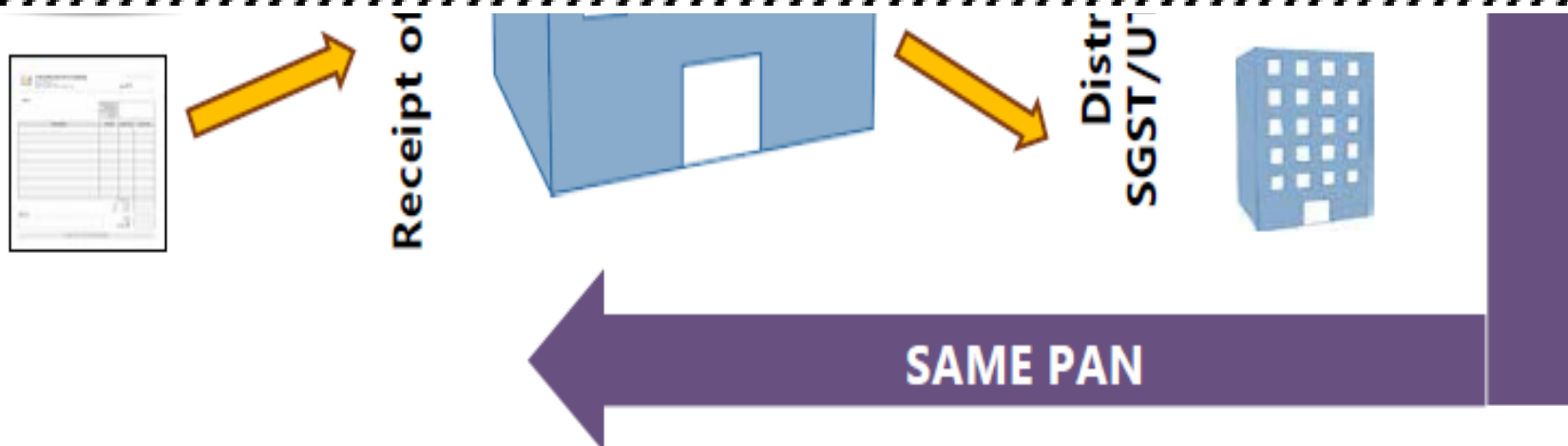
- ❑ On failing to comply with the timelines for return of goods, the goods will be deemed to be supplied to the job worker on the day they were sent out.
- ❑ Principal is liable to pay tax along with applicable interest on such supply.
- ❑ Time-lines for return of goods do not apply to moulds and dies, jigs and fixtures or tools sent out for job work.

Provisions of section 20 relating to ISD





It is important to note that the ISD mechanism is meant only for distributing the credit on common invoices pertaining to **INPUT SERVICES** and not goods (inputs or capital goods).



Can a company have multiple ISDs?



Yes, different offices a company like marketing division, security division etc. may apply for separate ISD registration.

ITC of input services is distributed ONLY amongst those registered persons who have used the input services in the course or furtherance of business.



Excess credit distributed can be recovered along with interest only from the recipient and not from ISD.

DISTRIBUTION OF CREDIT

ITC
attributable
to specific
recipient

Distributed
to such
recipient only

ITC attributable to more
than one recipient

ITC attributable to all
recipients

Pro rata distribution

ITC to be distributed =
$$\frac{\text{Turnover of recipient (having nexus with ITC) during relevant period}}{\text{Turnover of all recipients (having nexus with ITC) during relevant period}}$$

Turnover excludes central excise duty, State excise duty
and VAT

Previous financial year
OR
Relevant period = Last quarter prior to the month of
distribution for which turnover of all
recipients is available

Ineligible credit also to be distributed in the above manner

Credit of IGST

distributed as

Credit of IGST

Credit of CGST

Recipient and
ISD located in
same State

*distributed
as*

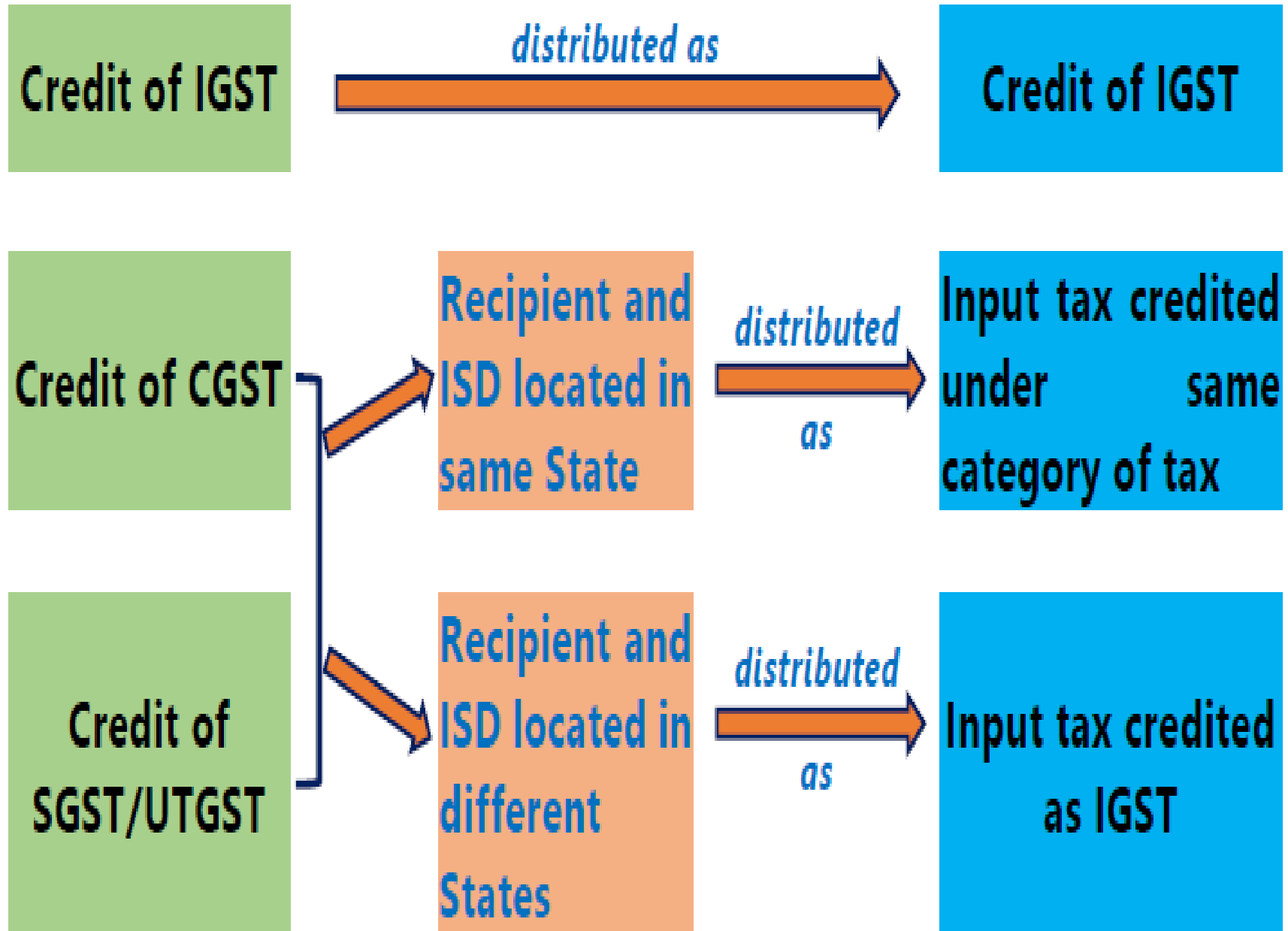
Input tax credited
under same
category of tax


Credit of
SGST/UTGST

Recipient and
ISD located in
different
States

*distributed
as*

Input tax credited
as IGST

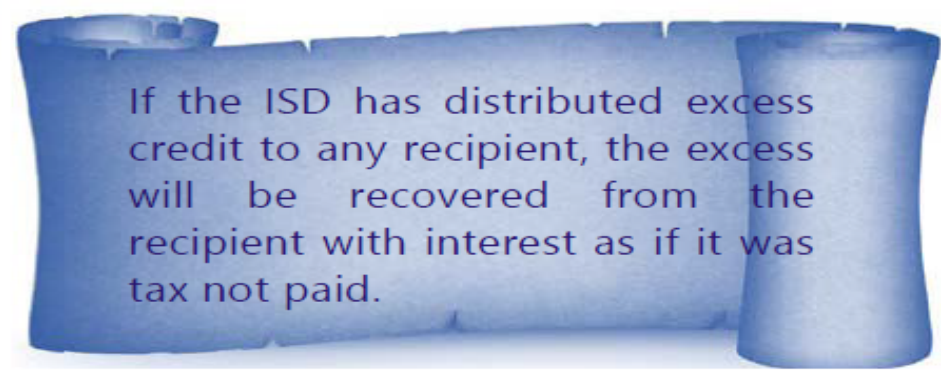




An ISD is required to obtain a separate registration even though it may be separately registered. The threshold limit of registration is not applicable to ISD.

- ISD should issue an ISD invoice for distributing ITC. It should be clearly indicated in such invoice that it is issued only for distribution of ITC.
- The ISD needs to issue a ISD credit note, for reduction in credit if the distributed credit gets reduced for any reason.
- ITC available for distribution in a month is to be distributed in the same month.
- Details of distribution of credit and all ISD invoices issued should be furnished by ISD in monthly GSTR-6 within 13 days after the end of the month.

- ITC of input services is distributed only amongst those recipients to whom the input services are attributable.
- ITC is distributed amongst the operational units only **and in the ratio of turnover in a State/UT of the recipient during the relevant period to the aggregate of turnover of all recipients during the relevant period to whom input service being distributed is attributable.**
- Relevant period is previous FY or last quarter prior to the month of distribution for which turnover of all recipients is available.
- Distributed ITC should not exceed the credit available for distribution.



If the ISD has distributed excess credit to any recipient, the excess will be recovered from the recipient with interest as if it was tax not paid.

Provisions relating to availing and utilizing the ITC



Intra-State purchases

Taxes paid

CGST
SGST

ITC

CGST
SGST

Inter-State purchases

Taxes paid

IGST

ITC

IGST

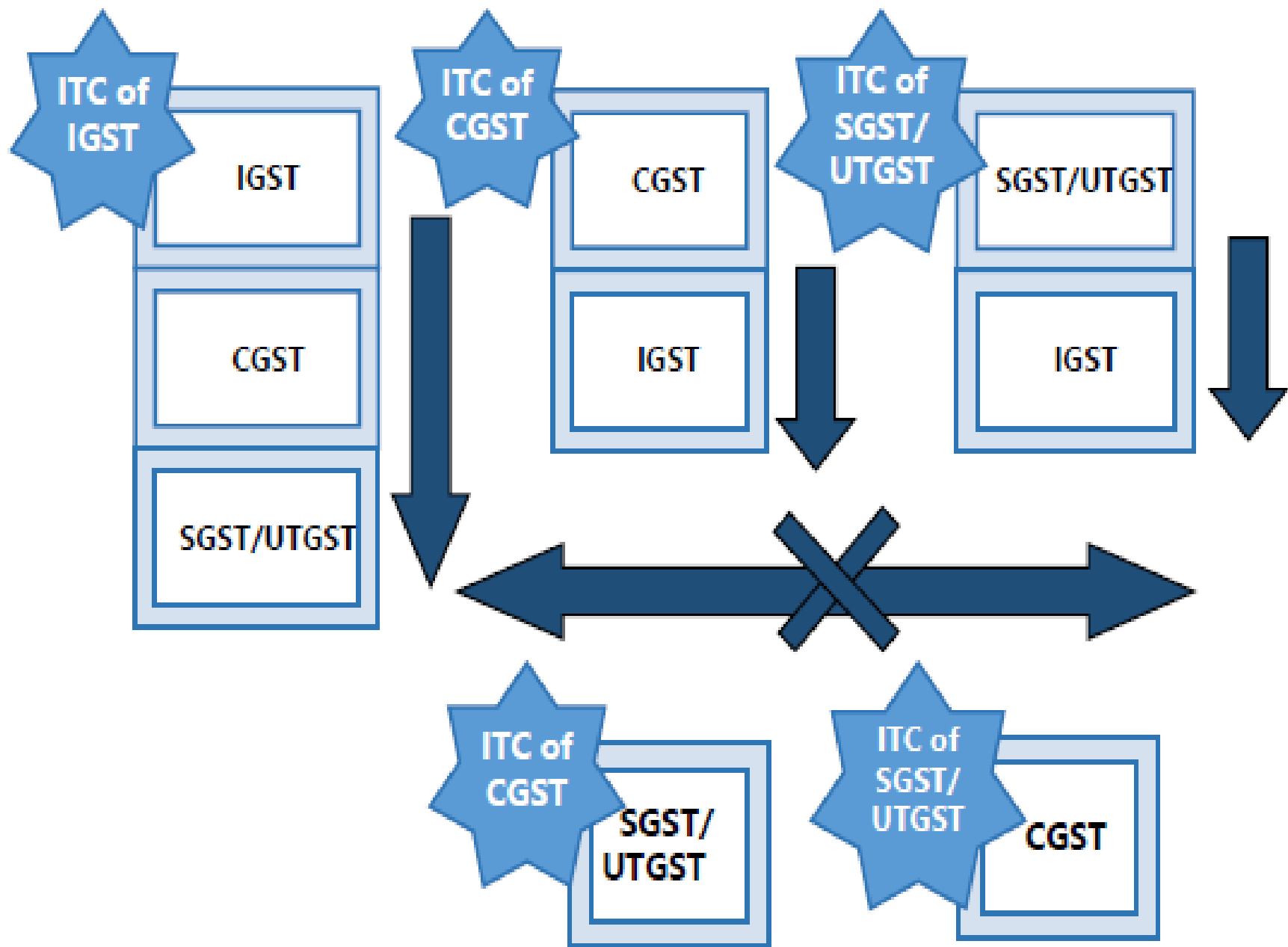
Imported purchases

Taxes paid

BCD
IGST

ITC

IGST



Question 1

A is a trader who places an order on B for a consignment of soda ash. A receives a buying order from C for the same quantity of soda ash. A instructs B to deliver the goods to C, and in turn he raises an invoice on C. Though the goods are not physically received at the premises of A, whether A is entitled to ITC on the consignment

Question 2

XYZ makes an advance payment in August and orders 10 MT of a particular chemical which is in short supply. The supplier of the chemical raises a bill for the entire amount in August and collects GST from XYZ on the advance paid.

The chemical is delivered in lots over a period of three months and the supply is completed in November.

Though XYZ paid some tax in advance as early as August, can he take the ITC in the month of August itself.

Question 3

Due to a quality dispute, PZP Ltd withheld payment on a machine supplied by a vendor till it could be rectified. Over 180 days went by in this dispute.

Questions:

1. What shall be the treatment of the credit taken by PZP on the invoice;
2. Only after the vendor rectified the machine and PZP released the payment, could PZP take the credit again

Question 4

Hercules Machinery delivered a machine to XYZ in January 2018 under Invoice no. 49 dated 28th January, 2018 for Rs. 4,15,000 plus GST, and undertook trial runs and calibration of the machine as per the requirements of XYZ. The amount chargeable for the post-delivery activities was covered in a debit note raised in April 2018 for Rs. 50,000 plus GST. Hercules Machinery did not file its annual return till October, 2018.

Question: How XYZ can avail ITC on the payments due under Debit Note

Methodology of apportionment of credit on inputs and input services and reversal thereof [Rule 42 of the CGST Rules]



Various Steps

- **Step 1** – Compute common credit;
- **Step 2** – Compute credit attributable to exempt supplies (ineligible credit) by apportionment of common credit
- **Step 3** – Compute credit attributable to non-business purposes
- **Step 4** – Compute eligible credits
- **Step 5** – Restrict ineligible credits

Step 1 – Compute common credit

Total input tax involved on inputs & input services in a tax Period	T
Less: Input tax on inputs & input services that are intended to be used exclusively for non-business purposes	(T1)
Less: Input tax on inputs & input services that are intended to be used exclusively for exempt supplies	(T2)
Less: Input tax on inputs & input services which are ineligible for credit [blocked credits]	(T3)
= ITC credited to Electronic Credit Ledger	C1
Less: ITC on inputs & input services that are intended to be used exclusively for taxable supplies including zero rated Supplies	(T4)
= Common ITC available for apportionment	C2
Note: T1, T2, T3 and T4 will be determined and declared by the registered person at the invoice level in GSTR 2	

Question 5: Computation of Common Credit

Making an assumption that Hawai slippers are exempted, take a case of Eezee Footwear, manufacturer of two varieties of Hawai slippers and five varieties of other sandals and shoes. Dyes are used in the manufacture of all footwear. However, bright pink is used only for one of the Hawai varieties, and black is used only for the sandals and shoes. Blue and yellow are used for all the varieties. Brown is used for non-business purposes.

In inward supplies during the month:

- a) Input tax on brown dye: Rs. 10,000 (This is T1)
- b) Input tax on bright pink dye: Rs. 90,000. (This is T2)
- c) Input tax on black dye: Rs. 40,000. (This is T4)
- d) Input tax on blue dye: Rs. 1,00,000
- e) Input tax on yellow dye: Rs. 15,000

Total input tax: Rs. 2,55,000 (This is T)

Total input tax reduced by (T1 + T2 + T4, i.e., by Rs. 1,40,000) is Rs. 1,15,000.

Amount of common credit (C2) is Rs. 1,15,000. This has to be apportioned as given below in Step 2.

Step 2 – Compute credit attributable to exempt supplies (ineligible credit) by apportionment of common credit

- Apportion C2 into **credit attributable to exempt supplies D1** as under:
 - ❑ **$D1 = (E/F) \times C2$**
- Where
 - ❑ **E** = Aggregate value of exempt supplies during the tax period
 - ❑ **F** = Total turnover in the State during the tax period

Question 6: apportioning common credit into credit attributable to exempt supplies

Continuing the previous question, Ezee Footwear, which manufactures two varieties of exempt Hawai slippers and five varieties of taxable sandals and shoes, has the following turnover in October and has Rs. 1,15,000 common credit that has to be apportioned

Turnover of Hawai 1 plus Hawai 2: Rs. 3 crores (This is 'E')

Turnover of all varieties of taxable shoes and sandals: Rs. 2 crore

Total turnover of all footwear during the month: Rs. 5 crores (This is 'F')
 $(3,00,00,000 / 5,00,00,000) \times 1,15,000 = \text{Rs. } 69,000$ is the input tax that pertains to exempt supply (D1).

Step 3 – Compute credit attributable to non-business purposes

- Compute **credit attributable to non-business purposes D2** as under:
 - **$D2 = 5\%$ of $C2$ (common credit)**

Step 4 – Compute eligible credits

- Compute **C3 attributable to business purposes and taxable supplies** including zero rated supplies as under:

$$\square \quad C3 = C2 - (D1 + D2)$$

Step 4 – Restrict ineligible credits

- Add $D1 + D2$ to the output tax liability.

Methodology of apportionment of credit of capital goods and reversal thereof [Rule 43 of the CGST Rules]



Question 7 on ISD

ABC Ltd, a confectionary manufacturer, has paid bills of an advertising company amounting to Rs. 24 lakh for advertising campaigns for two varieties of cakes, which are manufactured at separate locations in Pune and Bangalore. The company had a total turnover of Rs. 112 crores in the previous financial year. The turnover of the Pune unit was Rs. 5 crores, and the turnover of the Bangalore unit was Rs. 10 crores. The aggregate turnover here is taken as Rs. 15 crores, as advertising was for cakes, which are manufactured at these two units only.

Question 8 on ISD

The Corporate office of ABC Ltd., is at Bangalore, with its business locations of selling and servicing of goods at Bangalore, Chennai, Mumbai and Kolkata. Software license and maintenance is used at all the locations, but invoice for these services (indicating CGST and SGST) are received at Corporate Office. Since the software is used at all the four locations, the ITC of entire services cannot be claimed at Bangalore. The same has to be distributed to all the four locations. For that reason, the Bangalore Corporate office has to act as ISD to distribute the credit.

If the corporate office of ABC Ltd, an ISD situated in Bangalore, receives invoices indicating Rs. 4 lakh of CGST, Rs.4 lakh of SGST and Rs. 7 lakh of IGST, it can distribute the ITC of CGST, SGST as well as IGST of Rs. 15 lakh amongst its locations at Bangalore, Chennai, Mumbai and Kolkata through an ISD invoice containing the amount of credit distributed.

Question 9 on ISD

XYZ Ltd, having its head Office at Mumbai, is registered as ISD. It has three units in different cities situated in different States namely 'Mumbai', 'Jabalpur' and 'Delhi' which are operational in the current year.

M/s XYZ Ltd furnishes the following information for the month of July 20XX:

- (i) CGST paid on services used only for Mumbai Unit: ₹ 3,00,000/-*
- (ii) IGST, CGST & SGST paid on services used for all units: ₹ 12,00,000/-*

Total turnover of the units for the previous financial year are as follows: -

Unit	Turnover (₹)
Total Turnover of three units	₹ 10,00,00,000
Turnover of Mumbai unit	₹ 5,00,00,000
Turnover of Jabalpur unit	₹ 3,00,00,000

Determine the credit to be distributed by XYZ Ltd. to each of its three units.

Particulars	Credit distributed to all units (₹)			
	Total credit available	Mumbai	Jabalpur	Delhi
CGST paid on services used only for Mumbai Unit	300000	300000	0	0
IGST, CGST & SGST paid on services used for all units Distribution on <i>pro rata</i> basis to all the units which are operational in the current year	12,00,000	6,00,000	3,60,000	2,40,000
Total	15,00,000	9,00,000	3,60,000	2,40,000

Note 1: Credit distributed *pro rata* on the basis of the turnover of all the units is as under: -

(a) Unit Mumbai: $(₹ 5,00,00,000 / ₹ 10,00,00,000) * ₹ 12,00,000$
 $= ₹6,00,000$

(b) Unit Jabalpur: $(₹ 3,00,00,000 / ₹ 10,00,00,000) * ₹ 12,00,000$
 $= ₹3,60,000$

(c) Unit Delhi: $(₹ 2,00,00,000 / ₹10,00,00,000) * ₹ 12,00,000 = ₹2,40,000$

Question 10 on ITC availment

ABC Co. Ltd. is engaged in the manufacture of heavy machinery. It procured the following items during the month of July.

<i>S. No.</i>	<i>Items</i>	<i>GST paid (₹)</i>
<i>(i)</i>	<i>Electrical transformers to be used in the manufacturing process</i>	<i>5,20,000</i>
<i>(ii)</i>	<i>Trucks used for the transport of raw material</i>	<i>1,00,000</i>
<i>(iii)</i>	<i>Raw material</i>	<i>2,00,000</i>
<i>(iv)</i>	<i>Confectionery items for consumption of employees working in the factory</i>	<i>25,000</i>

Determine the amount of ITC available with ABC Co. Ltd., for the month of July by giving necessary explanations for treatment of various items.

Note:

- (i) All the conditions necessary for availing the ITC have been fulfilled.*
- (ii) ABC Co. Ltd. is not eligible for any threshold exemption.*

S. No.	Items	ITC (₹)
(i)	Electrical transformers [Being goods used in the course or furtherance of business, ITC thereon is available in terms of section 16(1)]	5,20,000
(ii)	Trucks used for the transport of raw material [Though ITC on motor vehicles has been specifically disallowed under section 17(5)(a), ITC on motor vehicles used for transportation of goods is allowed under section 17(5)(a)(ii)]	1,00,000
(iii)	Raw material [Being goods used in the course or furtherance of business, ITC thereon is available in terms of section 16(1)]	2,00,000
(iv)	Confectionery items for consumption of employees working in the factory [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)(b)(i)]	Nil
	Total ITC	8,20,000

Question 11

XYZ Ltd., is engaged in manufacture of taxable goods. Compute the ITC available with XYZ Ltd. for the month of October, 2018 from the following particulars:-

S. No.	Inward supplies	GST (₹)	Remarks
(i)	Inputs 'A'	1,00,000	One invoice on which GST payable was ₹ 10,000, is missing
(ii)	Inputs 'B'	50,000	Inputs are to be received in two instalments. First instalment has been received in October, 2018.
(iii)	Capital goods	1,20,000	XYZ Ltd. has capitalised the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value.
(iv)	Input services	2,25,000	One invoice dated 20.01.2018 on which GST payable was ₹ 50,000 has been received in October, 2018.

Note:

- (i) All the conditions necessary for availing the ITC have been fulfilled.
- (ii) ABC Co. Ltd. is not eligible for any threshold exemption.
- (iii) The annual return for the financial year 2017-18 was filed on 15th September, 2018.

S. No.	Inward supplies	ITC (₹)
(i)	Inputs 'A' [ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC-Section 16(2)(a)]	90,000
(ii)	Inputs 'B' [When inputs are received in instalments, ITC can be availed only on receipt of last instalment-First proviso to section 16(2)]	Nil
(iii)	Capital goods [Input tax paid on capital goods cannot be availed as ITC, if depreciation has been claimed on such tax component – Section 16(3)]	Nil
(iv)	Input services [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. Since the annual return for the FY 2017-18 has been filed on 15 th September, 2018 (prior to due date of filing the return for September, 2018 i.e., 20 th October, 2018), ITC on the invoice pertaining to FY 2017-18 cannot be availed after 15 th September, 2018.	1,75,000
	Total	2,65,000

Question 12

Mr. X, a supplier of goods, pays GST under regular scheme. Mr. X is not eligible for any threshold exemption. He has made the following outward taxable supplies in a tax period:

<i>Particulars</i>	<i>(₹)</i>
<i>Intra-State supply of goods</i>	<i>8,00,000</i>
<i>Inter-State supply of goods</i>	<i>3,00,000</i>

He has also furnished the following information in respect of purchases made by him in that tax period:

<i>Particulars</i>	<i>(₹)</i>
<i>Intra-State purchases of goods</i>	<i>3,00,000</i>
<i>Inter-State purchases of goods</i>	<i>50,000</i>

Mr. X has following ITCs with him at the beginning of the tax period:

<i>Particulars</i>	<i>(₹)</i>
<i>CGST</i>	<i>30,000</i>
<i>SGST</i>	<i>30,000</i>
<i>IGST</i>	<i>70,000</i>

Note:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.*
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.*
- (iii) All the conditions necessary for availing the ITC have been fulfilled.*

Compute the net GST payable by Mr. X during the tax period. Make suitable assumptions as required.

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

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18%(₹)
Opening ITC	30,000	30,000	70,000
Add: ITC on Intra-State purchases of goods valuing ₹ 3,00,000	27,000	27,000	Nil
Add: ITC on Inter-State purchases of goods valuing ₹ 50,000	Nil	Nil	9,000
Total ITC	57,000	57,000	79,000

Computation of GST payable from cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable	72,000	72,000	54,000
Less: ITC	(57,000)-CGST	(57,000)-SGST	(54,000)-IGST
	(15,000)-IGST	(10,000) – IGST	
Net GST payable	Nil	5,000	Nil

Note : ITC of IGST has been used to pay IGST, CGST and SGST in that order.

Question 13 – ITC [Rule 42]

Mr. Anand is engaged in textile business (taxable) and agricultural activity (exempt). He uses goods and services for both the businesses as well as for personal purposes

Details for the month of September 2017 are as follows:

- ☐ Total Input Tax available in the tax period - 1,00,000
- ☐ Aggregate Value Supplies under Textile Business - 5,00,000
- ☐ Aggregate Value Supplies under Agricultural activity - 5,00,000
- ☐ Input Tax w.r.t inputs and services exclusively for textile business - 10,000
- ☐ Input Tax w.r.t inputs and services exclusively for agricultural activity – 20,000
- ☐ Input Tax w.r.t inputs and services exclusively for personal purpose - 5,000
- ☐ Input Tax w.r.t inputs and services on which availing credit is not eligible - 10,000

Let us now check how much amount is allowed as ITC

Input Tax credited to electronic Credit Ledger:

Total ITC – Input Tax w.r.t. credit which is ineligible [exclusive + blocked] =
 $1,00,000 - 20,000 - 5,000 - 10,000 = 65,000$

Common Credit:

Input Tax credited to Electronic Credit Ledger – Input Tax w.r.t. taxable supplies
 $= 65,000 - 10,000 = 55,000$

Input Tax attributable to Exempt Supplies out of Common Credit:

Common Credit – (Value of total exempt supplies ÷ Total Turnover) x Common Credit = $55,000 - (5,00,000 / 10,00,000) \times 55,000 = 27,500$

Ineligible Input Tax attributable to personal activity out of Common Credit:

Common Credit – 5% of Common Credit = $5\% \text{ of } 55,000 = 2,750$

Total Eligible Credit after deducting ineligible input tax out of Common credit:

$= 27,500 - 2,750 = 24,750$

Now the same calculations must be done for the whole financial year 2017-18 again, before the end of the due date of furnishing the return for September month following the financial year under consideration. Here let's suppose the total eligible credit differs from the above calculations in the following manner:

At year-end total eligible credit is 30,000:

Here $(30,000 - 24,750) = 5,250$ will be allowed to be claimed as credit for any month before September 2018

At year-end total eligible credit is 20,000:

Here $(24,750 - 20,000) = 4,750$ will be added to output tax liability and interest @ 18% would be payable from 1st April 2018 till date of actual payment.

Question 14 – ITC [Rule 43]

Mr. Avinash bought a Capital Goods intended to be used for effecting exempt supplies only, for Rs 1,00,000/- paying Rs 18,000 as input tax on 01/04/2017 and now on 15/11/2018 he wishes to use the capital good commonly for taxable and exempt supplies.

Now the eligible common input tax credit will be calculated as follows:

Input Tax – 5% of Input tax for every quarter or part thereof = 18,000 – 5% of 18000 (x) 3 quarters = 18,000 – 2,700 = 15,300

Now Mr. Avinash will credit Rs 15,300 to Electronic Credit ledger and follow the prescribed steps to calculate the input tax attributable to exempt supplies out of common credit.

Prescribed Steps:

Credit for the Period = Total Input Tax (\div) 60 [i.e. 5 years x 12 months]

Credit attributable to exempt supplies = [Value of exempt supplies (\div) Total Turnover] x Credit for the Period

Remaining amount after deducting credit attributable towards exempt supplies will be allowed as ITC



Registration

1. Nature of registration


The registration in GST is PAN based and State specific.




One registration per State/UT.




However, a business entity having separate business verticals in a State may obtain separate registration for each of its business verticals.



GST identification number called "GSTIN" - a 15-digit number and a certificate of registration incorporating therein this GSTIN is made available to the applicant on the GSTN common portal.



Registration under GST is not tax specific, i.e. single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and cesses.



2. Persons liable to registration

Those who exceed threshold limit

- Aggregate turnover > ₹ 20 lakh
- Aggregate turnover > ₹10 lakh in case of Special Category States

Who are registered under earlier law

- shall be liable to be registered under GST

In case of transfer of business on account of succession, etc.

- **transferee** liable to be registered from the date of succession of business

In case of amalgamation/ demerger by an order of High Court etc.

- **transferee** liable to be registered from the date on which Registrar of Companies issues incorporation certificate giving effect to order of High Court etc.

Taxable Supplies



Exempt supplies



Exports



Inter State supplies



Aggregate Turnover

Aggregate Turnover will be computed on All-India basis for same PAN

Aggregate turnover



Value of all outward supplies

--Taxable supplies

--Exempt supplies

--Exports

--Inter-State supplies

of persons having the same
PAN be computed on all
India basis

--CGST

--SGST

--UTGST

--IGST

--Compensation cess

--Value of inward supplies on
which tax is payable under
reverse charge



Outward Supplies taxable under reverse charge would continue to be part of the 'aggregate turnover' of the supplier of such supplies

3. Compulsory registration in certain cases

Inter-State supplier

Casual taxable person

Person receiving supplies
on which tax is payable
by recipient on reverse
charge basis

Non-resident taxable
persons

A person who supplies
on behalf of some other
taxable person (i.e. an
Agent of some Principal)

Person/class of persons
notified by the
Central/State
Government

Persons making any inter-State taxable supply

Casual taxable person who does not have a fixed place of business in the State or Union Territory from where he wants to make supply

A person receiving supplies on which tax is payable by recipient on reverse charge basis

Those ecommerce operators who are notified as liable for GST payment under section 9(5)

Non-resident taxable persons who do not have a fixed place of business in India

Persons who are required to deduct tax under section 51 (TDS)

A person who supplies on behalf of some other taxable person (i.e. an Agent of some Principal)

Suppliers other than notified under section 9(5) who supply through an e-commerce operator

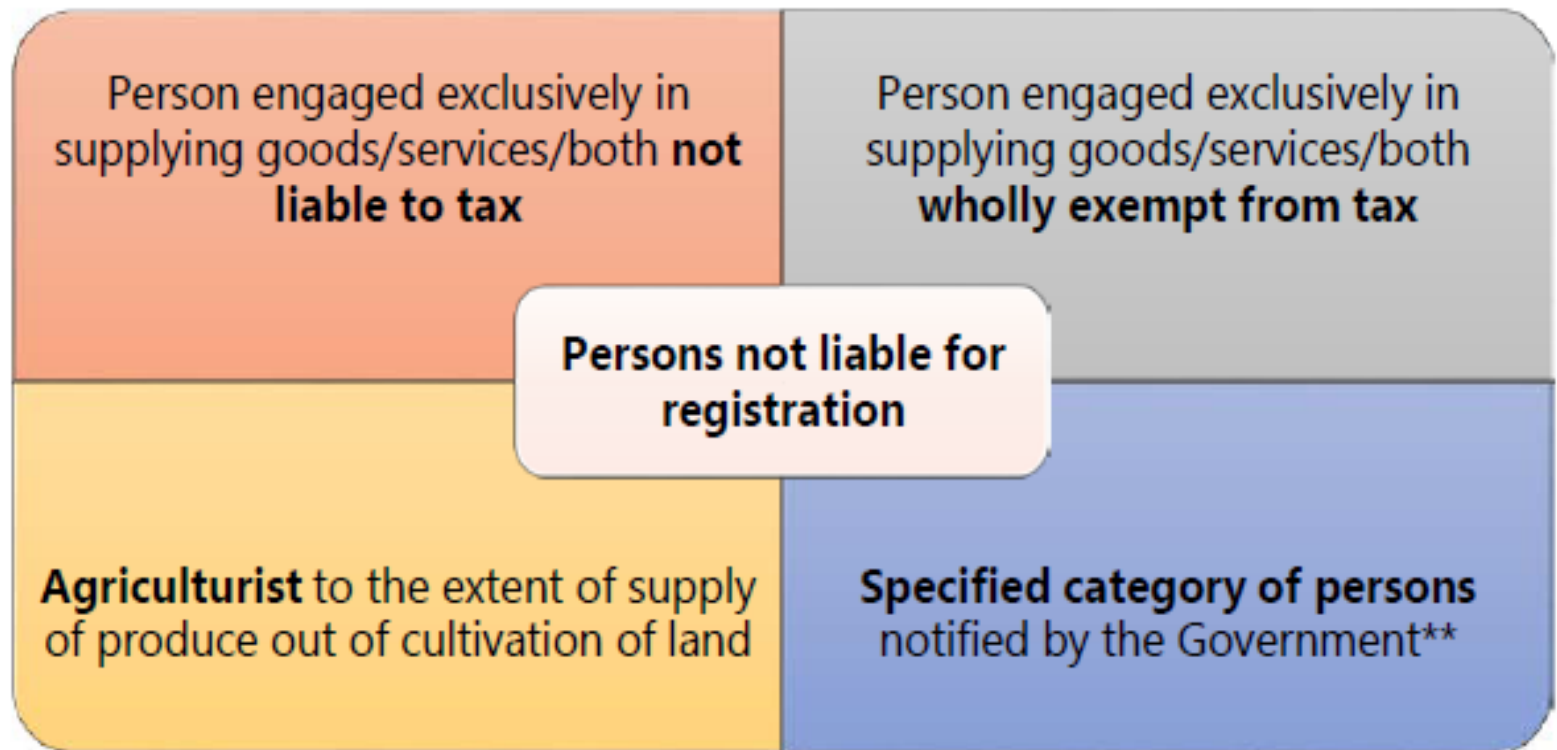
E-commerce operators, who provide platform to the suppliers to supply through it

Every person supplying online information and database access or retrieval services from a place outside India to a person in India other than a registered person

Input Service Distributor, whether or not separately registered under this Act

Person/ class of persons notified by the Central/ State Government

4. Persons not liable for registration



****Persons making only reverse charge supplies exempted from obtaining registration**

5. Where and by when to apply for registration?

Person who is liable to be registered under section 22 or section 24

- in every such State/UT in which he is so liable
- within 30 days from the date on which he becomes liable to registration

A casual taxable person or a non-resident taxable person

- in every such State/UT in which he is so liable
- at least 5 days prior to the commencement of business

6. Voluntary Registration and UIN

Voluntary Registration

- Person not liable to be registered under sections 22/24 may get himself registered voluntarily.

Unique Identification Number (UIN)

- In respect of supplies to some notified agencies of United Nations organisation, multinational financial institutions and other organisations, a UIN is issued.

7. Effective date of registration

Application submitted **within 30 days** of the applicant becoming liable to registration

- Effective date is the date on which he becomes liable to registration

Application submitted **after 30 days** of the applicant becoming liable to registration

- Effective date is date of grant of registration

8. Procedure for registration

How to apply for registration?

- ❑ On common portal www.gst.gov.in
- ❑ **Part A:** PAN + Mobile no. + E-mail ID

Part A

PAN

Mobile No.

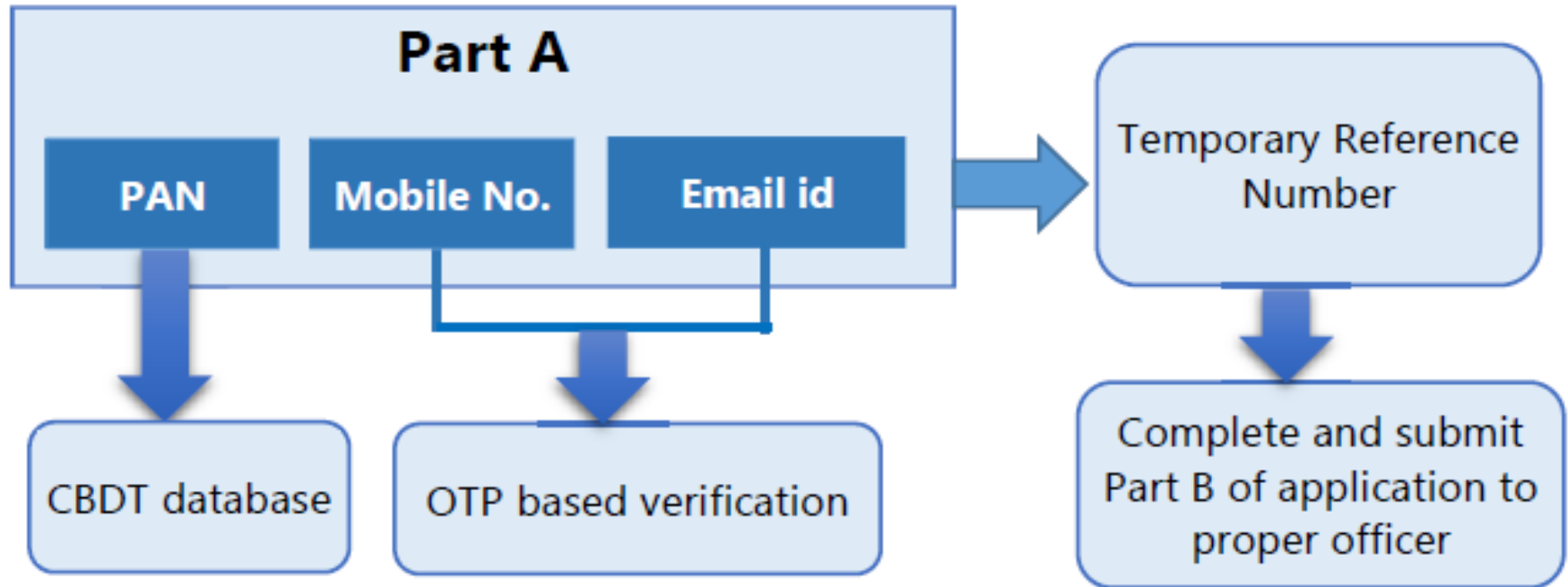
Email id

CBDT database

OTP based verification

Temporary Reference Number

Complete and submit Part B of application to proper officer



Part I

Every person liable to get registered and person seeking voluntary registration shall, before applying for registration, declare his Permanent Account Number (PAN), mobile number, e-mail address, State/UT in **Part A of FORM GST REG-01** on GST Common Portal.

PAN, mobile number and e-mail address are validated

PAN validated online by Common Portal from CBDT database

Mobile number and email verified through one time password sent to it.

Temporary Reference Number (TRN) is generated and communicated to the applicant on the validated mobile number and e-mail address.

Using TRN, applicant shall electronically submit application in Part B of application form, along with specified documents at the Common Portal.

On receipt of such application, an acknowledgement in the prescribed form shall be issued to the applicant electronically. A **Causal Taxable Person (CTP)** applying for registration gets a TRN for making an advance deposit of tax in his electronic cash ledger and an acknowledgement is issued only after said deposit.*

Application shall be forwarded to the Proper Officer.

Part II

Proper Officer examines the application and accompanying documents.

If same are found in order?

No

Proper Officer issues notice electronically, **within 3 working days** from application date thereby seeking clarification**, information or documents from the applicant.

Yes

within 3 working days from the date of submission of application

If applicant has furnished the clarification**, information or documents within 7 working days from receipt of notice?

No

Yes

If proper officer is satisfied with it?

No

Yes

within 7 working days from the date of receipt of information/ clarification/ documents

Proper officer will grant registration certificate in **Form GST REG-06**

Proper officer will reject the application for reasons to be recorded in writing.

****Clarification** includes modification/correction of particulars declared in the application for registration, other than PAN, State, Mobile No. & E-mail address.

Effective date of registration [Rule 10]

Where an applicant submits application for registration	effective date of registration is
<u>within</u> 30 days from the date he becomes liable to registration	the date on which he becomes liable to registration
<u>after</u> 30 days from the date he becomes liable to registration	date of grant of registration

10. Special procedure for registration of CTD and NRTD

Casual Taxable Person

A Casual taxable person is one who has a registered business in some State in India, but wants to effect supplies from some other State in which he is not having any fixed place of business.

Such person needs to register in the State from where he seeks to supply as a Casual taxable person.

Non-resident Taxable Person

A Non-Resident taxable person is one who is a foreigner and occasionally wants to effect taxable supplies from any State in India, and for that he needs GST registration.

Casual Taxable Person

Non-resident taxable person

```
graph TD; A[Casual Taxable Person] --> C[GST law prescribes special procedure for registration, as also for extension of the operation period of such Casual or Non-Resident taxable persons.]; B[Non-resident taxable person] --> C; C --> D[They have to apply for registration at least 5 days in advance before making any supply.]; D --> E[Registration is granted to them or period of operation is extended only after they make advance deposit of the estimated tax liability.]; E --> F[Registration is granted to them for the period specified in the registration application or 90 days from the effective date of registration.];
```

GST law prescribes special procedure for registration, as also for extension of the operation period of such Casual or Non-Resident taxable persons.

They have to apply for registration at least 5 days in advance before making any supply.

Registration is granted to them or period of operation is extended only after they make advance deposit of the estimated tax liability.

Registration is granted to them for the period specified in the registration application or 90 days from the effective date of registration.

11. Amendment of Registration

Except for the changes in some core information in the registration application, a taxable person shall be able to make amendments without requiring any specific approval from the tax authority.

In case the change is for legal name of the business, or the State of place of business or additional place of business, the taxable person will apply for amendment within 15 days of the event necessitating the change.


The Proper Officer, then, will approve the amendment within the next 15 days.

For other changes like the name of day-to-day functionaries, e-mail IDs, mobile numbers etc. no approval of the Proper Officer is required, and the amendment can be affected by the taxable person on his own on the common portal.

Permission of proper officer required if change relates to core fields of information

Legal
bus

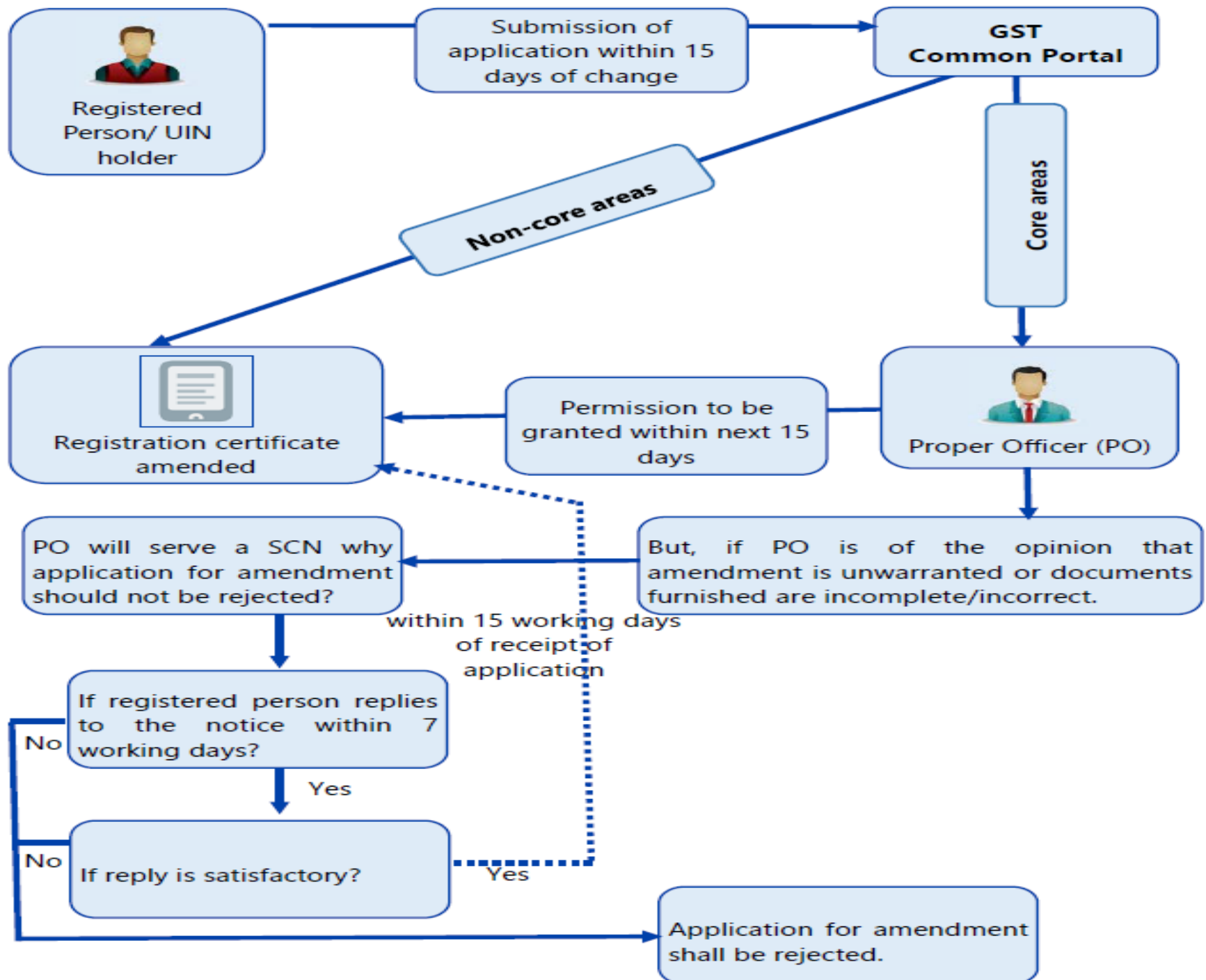
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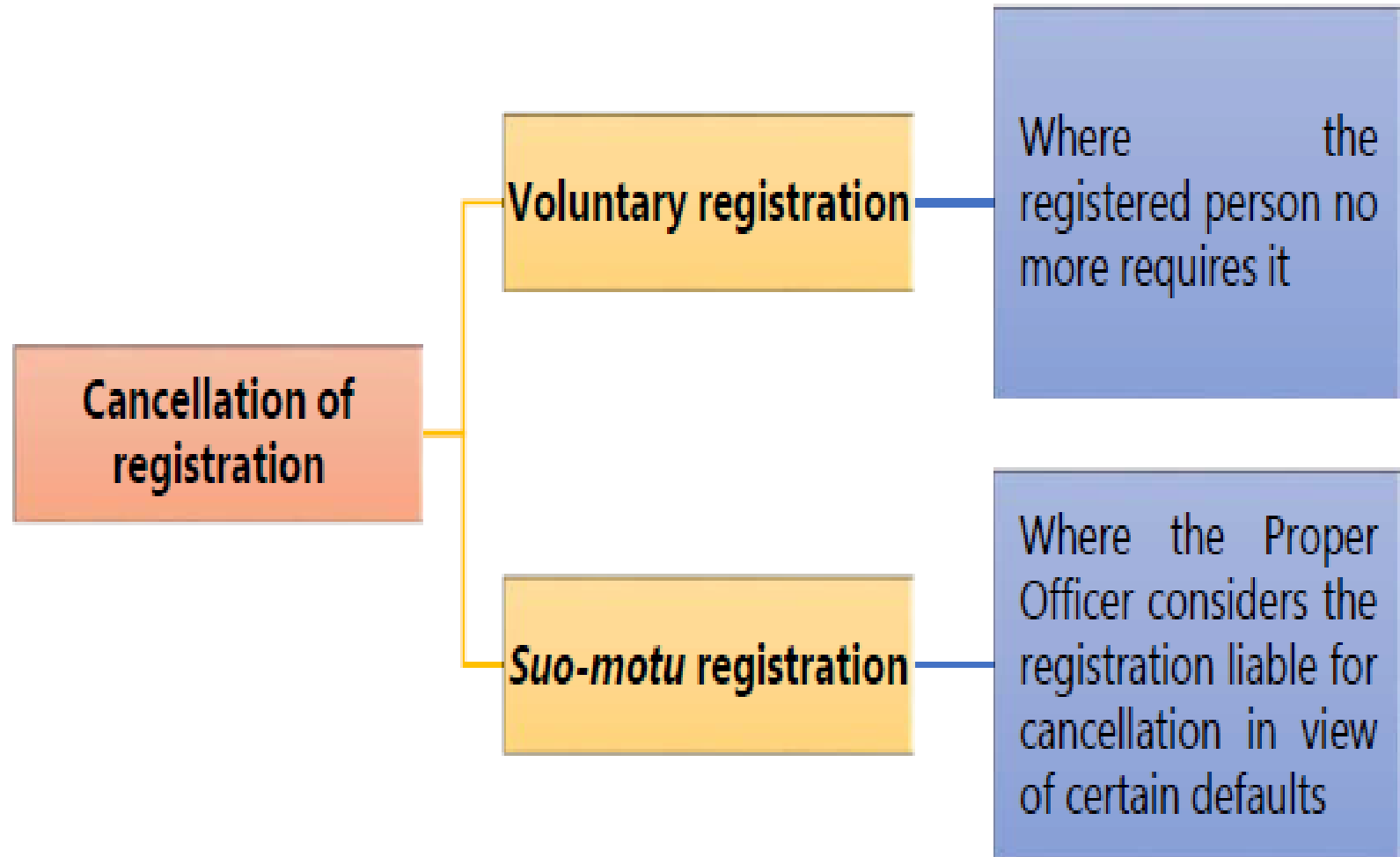


Mobile no./e-mail
address of authorised
signatory can be
amended only after
online verification
through GST Portal.

or retirement
ctors, Karta,
ee, Board of
utive Officer
ponsible for
the business

Registrations of
Chapter on





- --Business discontinued
 - Transferred fully for any reason including death of the proprietor
 - Amalgamated with other legal entity
 - Demerged or
 - Otherwise disposed of

- Change in the constitution of the business

- Taxable person (other than voluntarily registered person) who is no longer liable to be registered under section 22 or section 24.

Following contraventions done by the registered person:

(i) He does not conduct any business from the declared place of business, or

(ii) He issues invoice/bill without supply of goods/services in violation of the provisions of this Act, or the rules made thereunder.

(iii) If he violates the provisions of section 171 of the CGST Act.*

A registered person has not filed returns for *continuous 6 months**.

**3 consecutive tax periods in case of a person who opted for composition levy*

Voluntarily registered person has not commenced the business within 6 months from the date of registration

Registration was obtained by means of fraud, wilful misstatement or suppression of facts

A voluntarily registered person cannot seek cancellation before the expiry of a period of 1 year from the effective date of registration [Proviso to rule 20]

A person to whom a UIN has been granted under rule 17 cannot apply for cancellation of registration [Rule 20]

The cancellation of registration will not affect liability of registered person to pay tax and other dues under the Act for any period prior to the date of cancellation [Section 29(3)]

The cancellation of registration under either SGST Act/UTGST Act shall be deemed to be a cancellation of registration under CGST Act [Section 29(4)].

A large, stylized red arrow pointing to the right, with a white rounded rectangle in the center containing the text "Invoices under GST".

Invoices under GST

1. Who can raise a tax invoice?

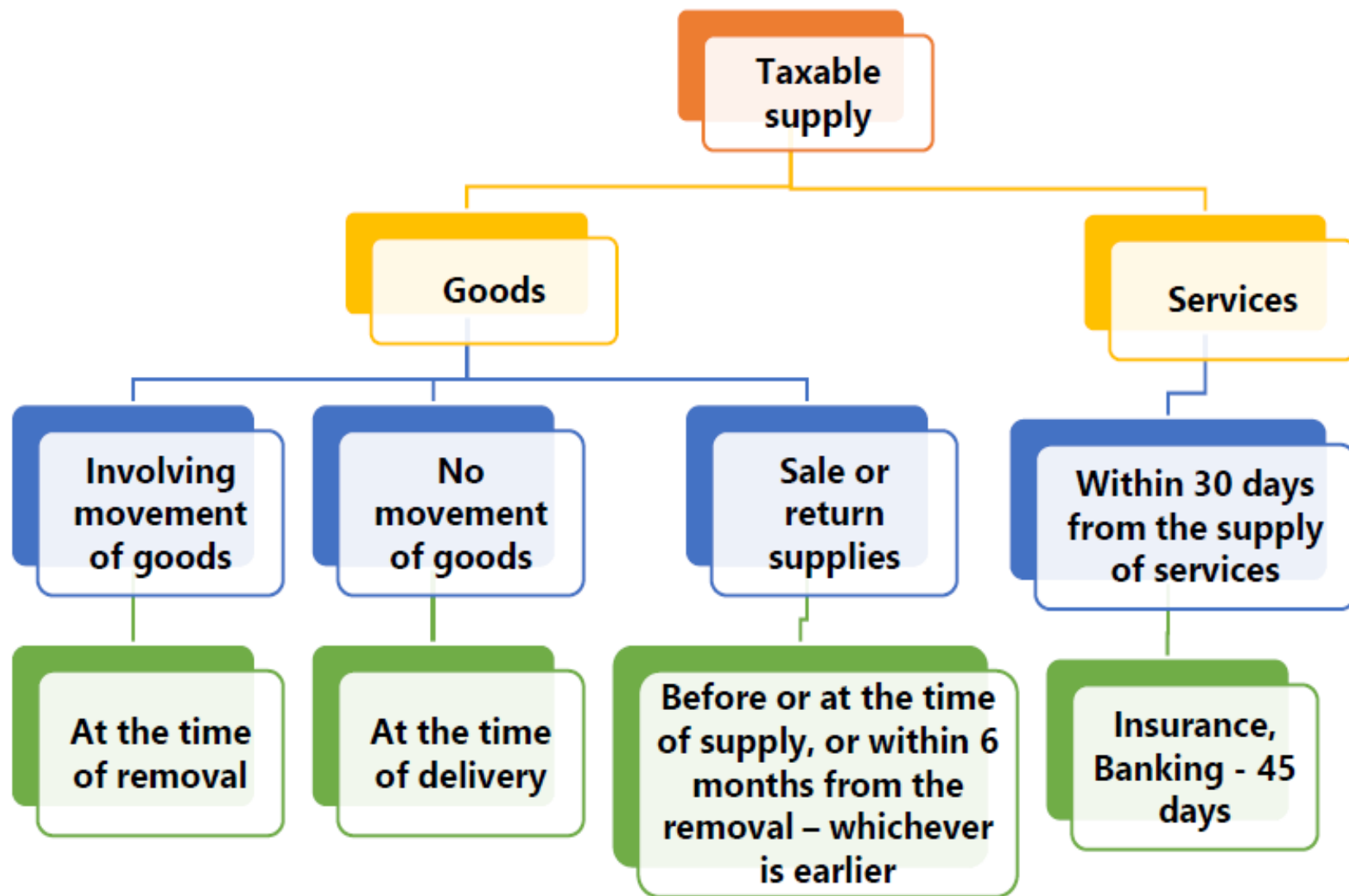
Registered Person

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graph TD; A[Registered Person] --> B[Supplying taxable goods or services]; A --> C[Receiving taxable goods or services from unregistered supplier];
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Supplying taxable
goods or services

Receiving taxable goods
or services from
unregistered supplier

2. Time limit for issuance of invoice



In case of
continuous
supply of goods

- before/at the time each successive statements of accounts is issued or each successive payment is received

In case of
continuous
supply of
services

due date of payment is ascertainable from the contract	on/before due date of payment
not so ascertainable	before/at the time of receipt of payment
payment is linked to the completion of an event	on/before the date of completion of that event

3. Important contents of tax invoice

GSTIN of supplier	Consecutive Serial Number & date of issue	GSTIN of recipient, if registered	Name & address of recipient, if not registered	HSN
Description of goods or services	Quantity in case of goods	Total Value of supply	Taxable Value of supply	Tax rate – Central tax & State tax or Integrated tax, cess
Amount of tax charged	Place of supply	Address of delivery where different than place of supply	Tax payable on reverse charge basis	Signature of authorised signatory

4. Manner of issuing the invoice

Supply of Goods	Supply of services
Triplicate	Duplicate
Original copy for recipient Duplicate copy for transporter; and Triplicate copy for supplier	Original copy for recipient; and Duplicate copy for supplier
The serial number of invoices issued during a month / quarter shall be furnished electronically in FORM GSTR-1.	

5. Revised Tax Invoice

Revised Tax Invoices to be issued in respect of taxable supplies effected during this period

Effective date of registration

Date of issuance of certificate of registration

Consolidated Revised Tax Invoice (CTRI) may be issued in respect of taxable supplies made to an **unregistered recipient** during this period

In case of inter-State supplies, **CTRI** cannot be issued in respect of all unregistered recipients if the value of a supply exceeds ₹ 2,50,000 during this period.

Particulars of the Debit and Credit Notes are also same as revised tax invoices

6. Consolidated Tax Invoice

Tax invoice is not required to be issued

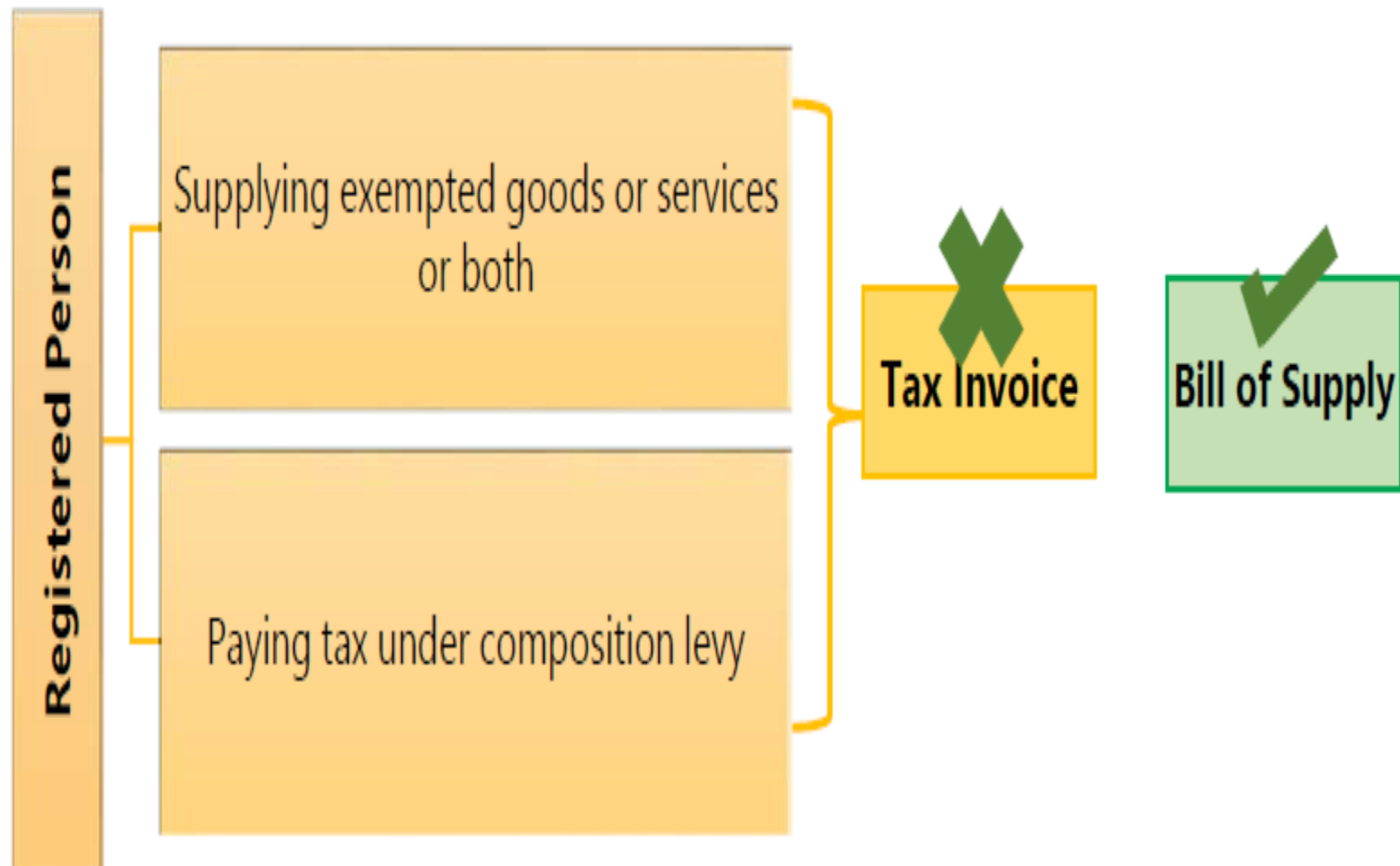
Value of supply < ₹200

Recipient is unregistered

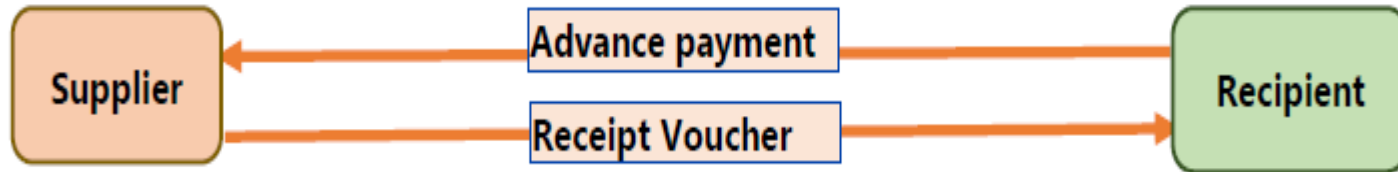
Recipient does not require such invoice

Consolidated Tax Invoice shall be issued for such supplies at the close of each day in respect of all such supplies

7. Bill of Supply



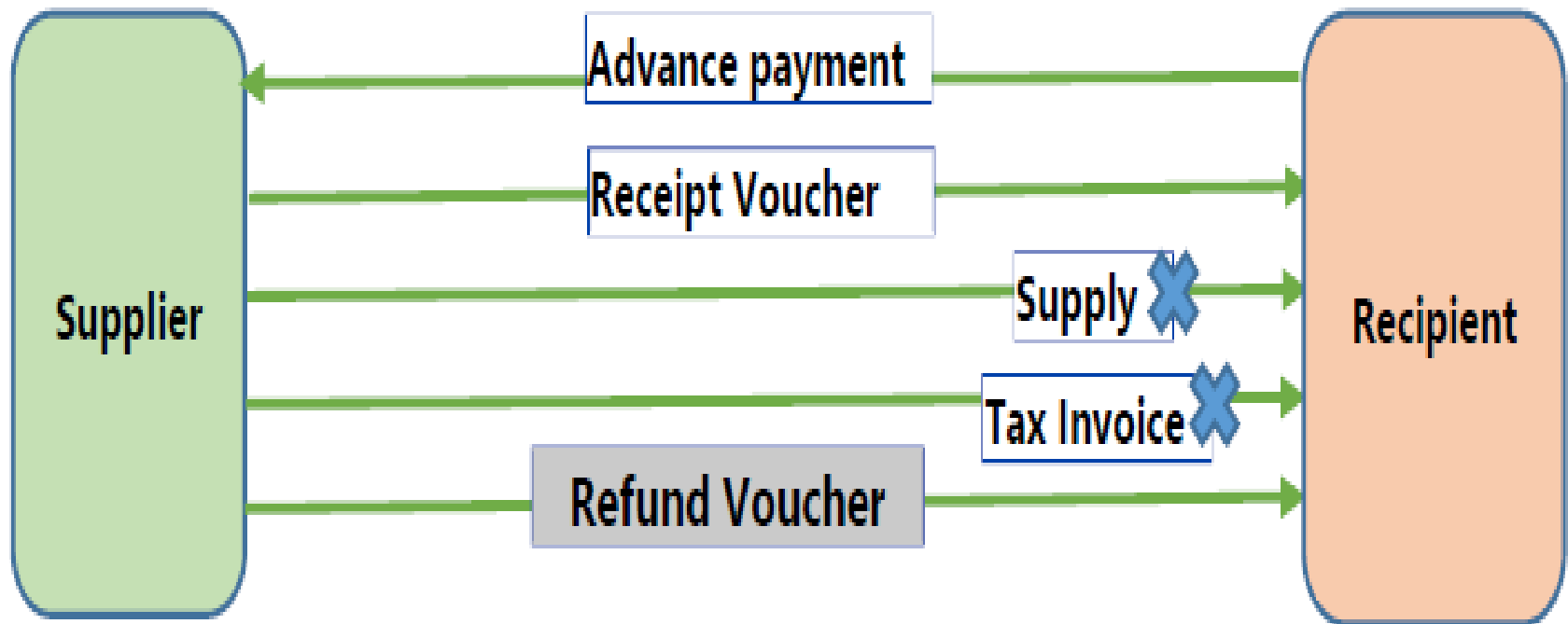
8. Receipt Voucher



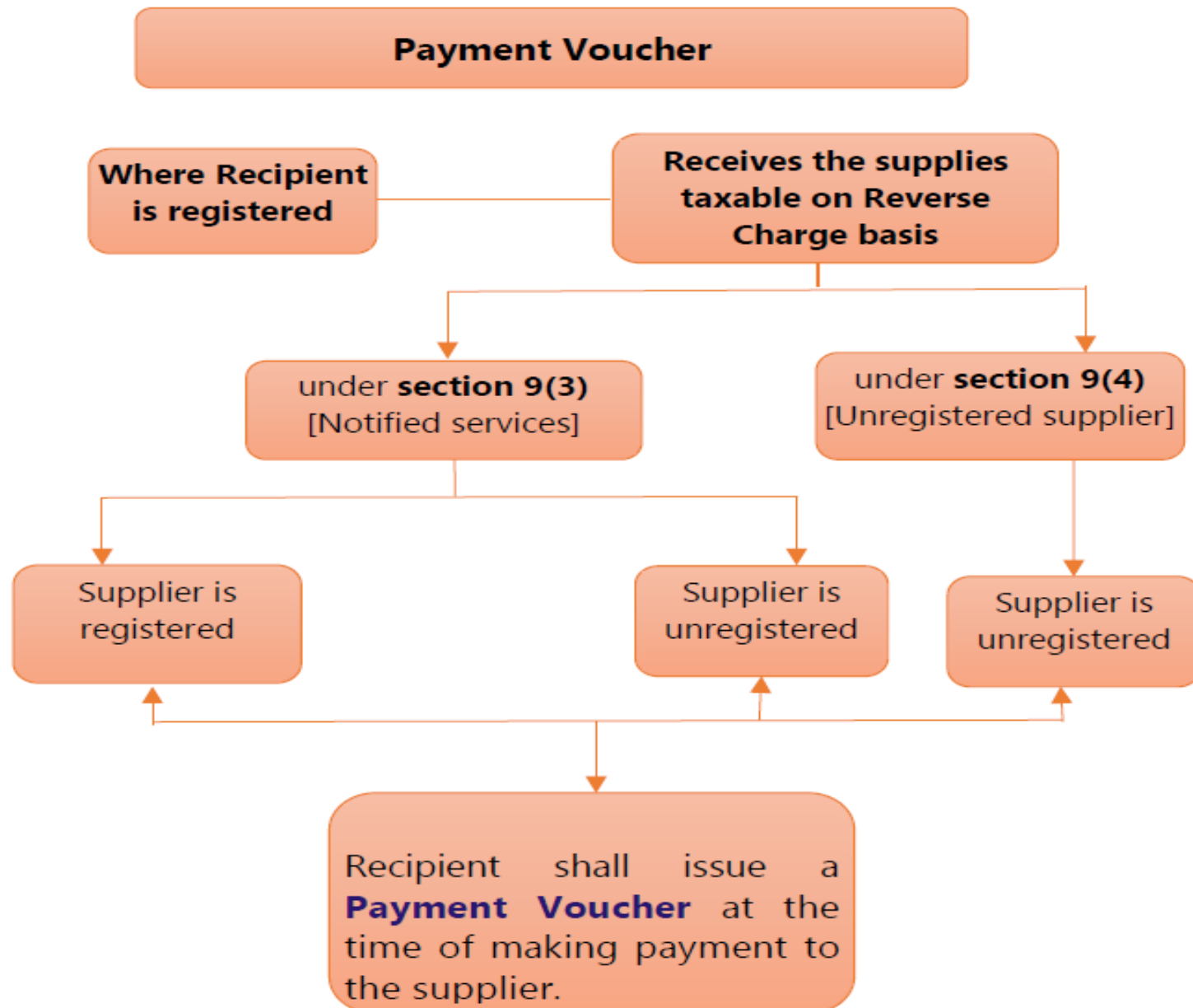
Where at the time of receipt of advance, rate of tax/ nature of supply is not determinable

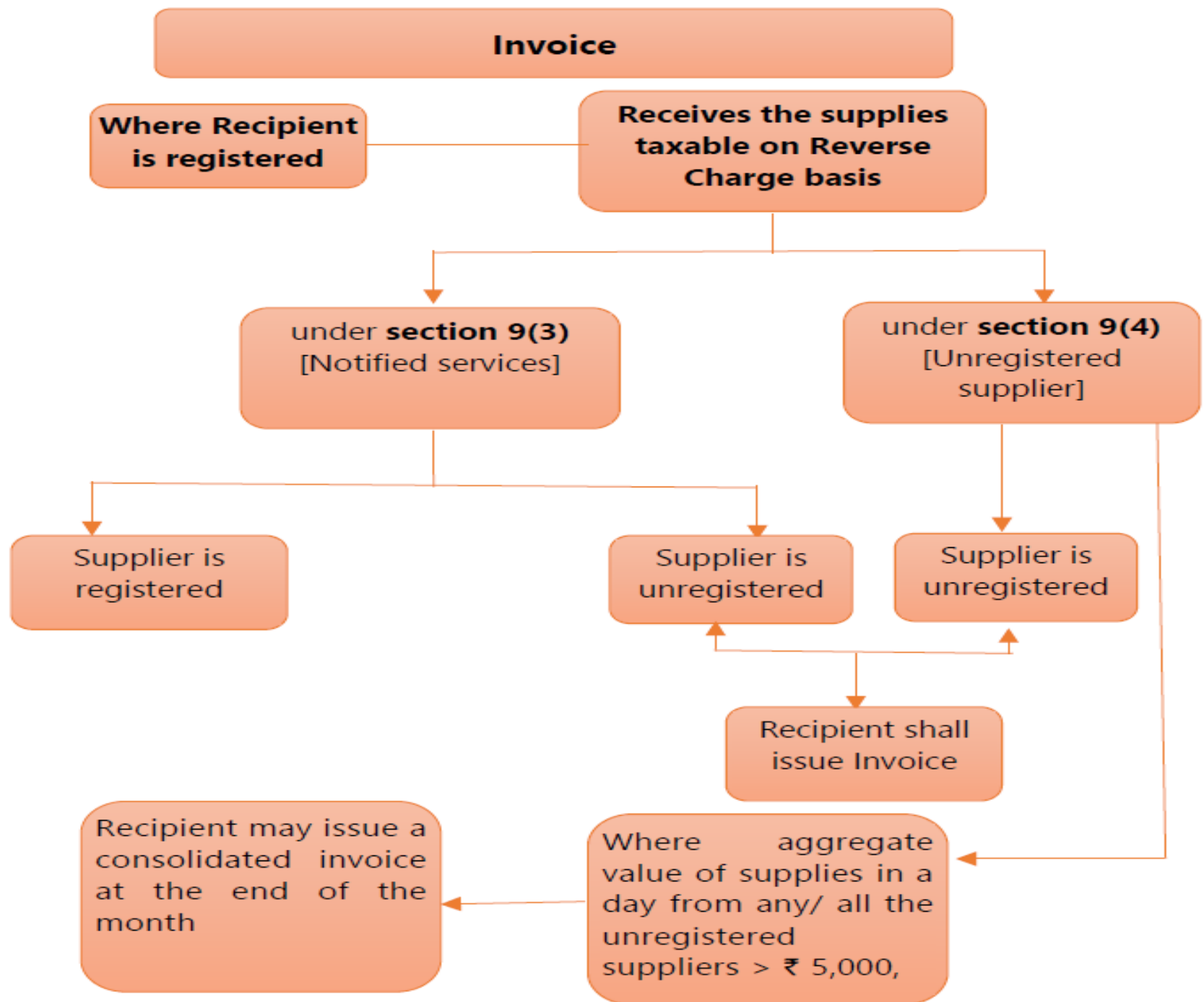
Where at the time of receipt of advance	
(i) rate of tax is not determinable	tax shall be paid at the rate of 18%
(ii) nature of supply is not determinable	same shall be treated as inter-State supply

9. Refund Voucher



10. Invoice and Payment Vouchers to be issued by recipient of supply liable to pay tax under reverse charge





11. Credit Notes

Where a tax invoice has been issued for supply of any goods or services or both



Taxable value in invoice >
Taxable value in respect of
such supply

Tax charged in invoice >
Tax payable in respect of
such supply

OR

where the
goods
supplied are
returned by
the recipient

OR

where goods or
services or both
supplied are
found to be
deficient



**Registered Supplier
of goods or services
or both**

may issue **Credit Note**

**Recipient of goods or
services or both**

12. Debit Notes

Where a tax invoice has been issued for supply of any goods or services or both



Taxable value in invoice < Taxable value in respect of such supply

Tax charged in invoice < Tax payable in respect of such supply



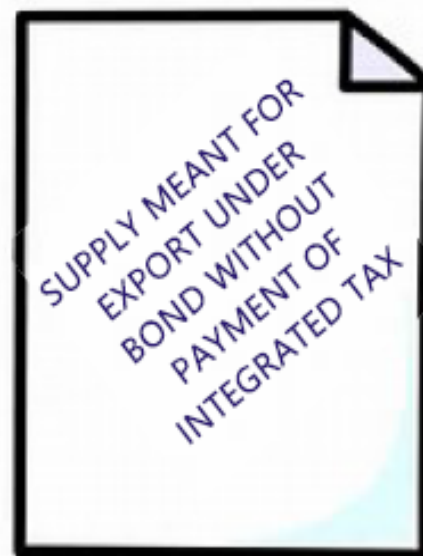
**Registered Supplier
of goods or services
or both**

shall issue **Debit Note**

**Recipient of goods or
services or both**

S.No.	Annual Turnover (AT) in the preceding FY	Number of Digits of HSN Code
1.	AT \leq ₹ 1.5 crores	Nil
2.	₹ 5 crores \geq AT $>$ ₹ 1.5 crores	2
3.	AT $>$ ₹ 5 crores	4

In the case of the export of goods or services, the invoice shall carry an endorsement **"SUPPLY MEANT FOR EXPORT ON PAYMENT OF INTEGRATED TAX"** or **"SUPPLY MEANT FOR EXPORT UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX"**, as the case may be.



Particulars of an Export Invoice are same as a Tax Invoice. However, where recipient is unregistered and value of supply is ₹ 50,000 or more, instead of name of State and its code, in case of an export invoice, **name of the country of destination** is to be mentioned.

Illustration 1

Ritu Manufacturers, Delhi supplies goods to Prakhar Electronics, Haryana. The goods were removed from its factory in Delhi on 23rd September. Ritu Manufacturers needs to issue a tax invoice on or before 23rd September.

Illustration 2

Katyani Security Services Ltd. provides security services to Royal Jewellers for their Jewellery Exhibition to be organized on 5th October. Katyani Security Services Ltd. needs to issue a tax invoice within 30 days of supply of security services, i.e. on or before 4th November.

Illustration 3

Jhanvi Cinemas entered into an annual maintenance contract with Peer Services Ltd. for one year [April-March] for the Air conditioners fitted in their theaters. As per the contract, payment for said services had to be made on 7th April. However, Jhanvi Services made the payment on 15th April. Since services provided by Peer Services Ltd. To Jhanvi Cinemas is a continuous supply of services and due date of payment is ascertainable from the contract, Peer Services Ltd. had to issue a tax invoice on or before such due date, viz. 7th April.

Illustration 4

Sarabhai Private Ltd. commenced business of supply of goods on 1st April in Delhi. Its turnover exceeded Rs. 20,00,000 on 3rd September. Thus it became liable to registration on 3rd September. It applied for registration on 29th September and was granted registration certificate on 5th October. Since it applied for registration within 30 days of becoming liable to registration, it was granted registration with effect from 3rd September. Sarabhai Private Ltd. may issue Revised Tax Invoices in respect of taxable supplies effected between 3rd September and 5th October.

Illustration 5

Jain & Sons is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

Recipient of supply	Amount
Raghav Traders - a registered retail dealer	190
Dhruv Enterprises – an unregistered trader	358
Gaurav – a Painter [unregistered]	500
Oberoi Orphanage – an unregistered entity	188
Aaradhya – a Student [unregistered]	158

None of the recipients require a tax invoice [Raghav Traders being a composition dealer].

Determine in respect of which of the above supplies, Jain & Sons may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day.

Solution

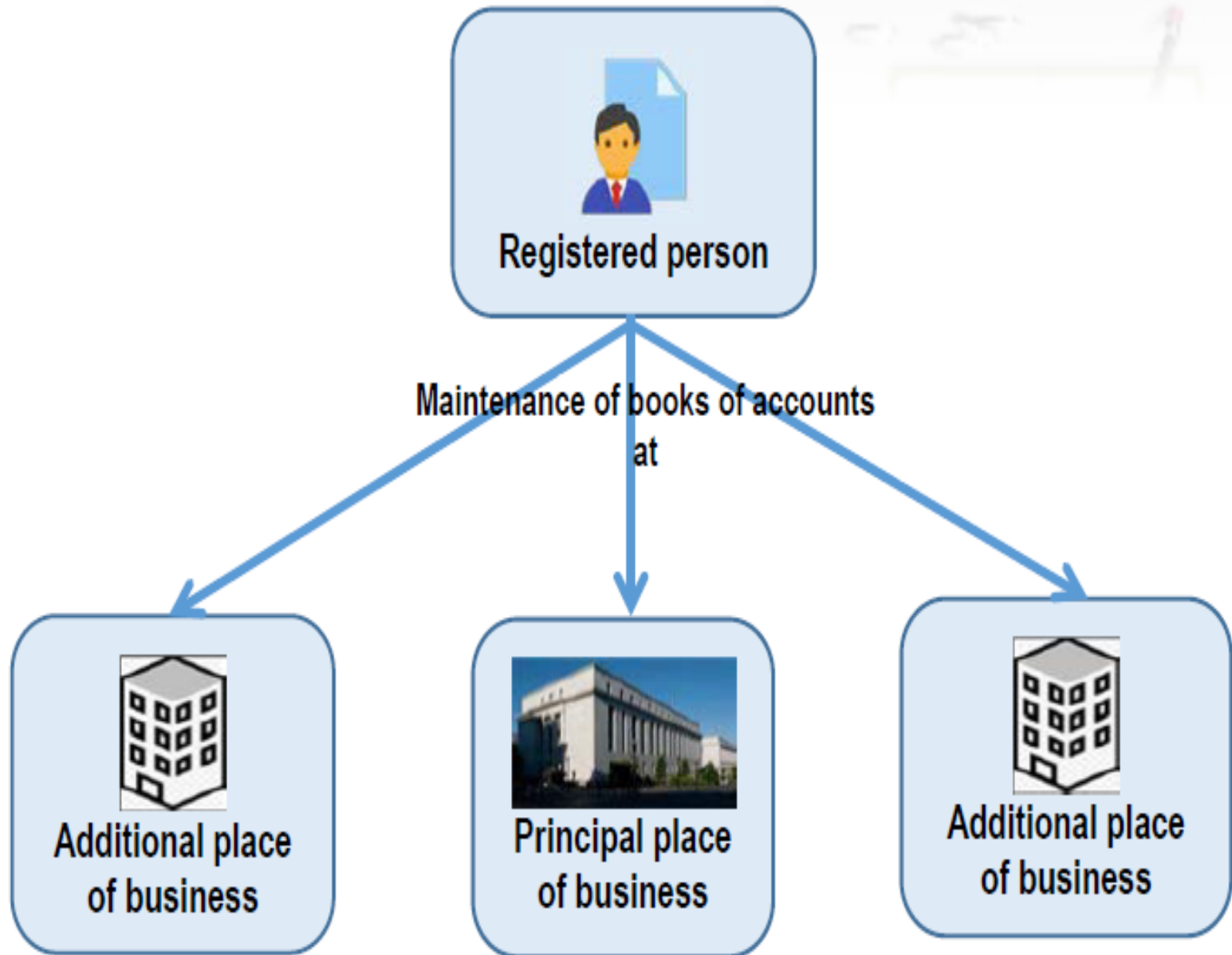
Jain & Sons can issue a Consolidated Tax Invoice only with respect to supplies made to Oberoi Orphanage [worth Rs. 188] and Aaradhya [worth Rs. 158] as the value of goods supplied to these recipients is less than Rs. 200 as also these recipients are unregistered and don't require a tax invoice.

As regards the supply made to Raghav Traders, although the value of goods supplied to it is less than Rs. 200, Raghav Traders is registered under GST. So, Consolidated Tax Invoice cannot be issued.

Consolidated Tax Invoice can also not be issued for supplies of goods made to Dhruv Enterprises and Gaurav - although both of them are unregistered. The reason for the same is that the value of goods supplied is not less than Rs. 200.



Accounts and Records



Every registered person required to keep and maintain books of account or other records in accordance with the provisions of section 35(1) shall retain them until the expiry of 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

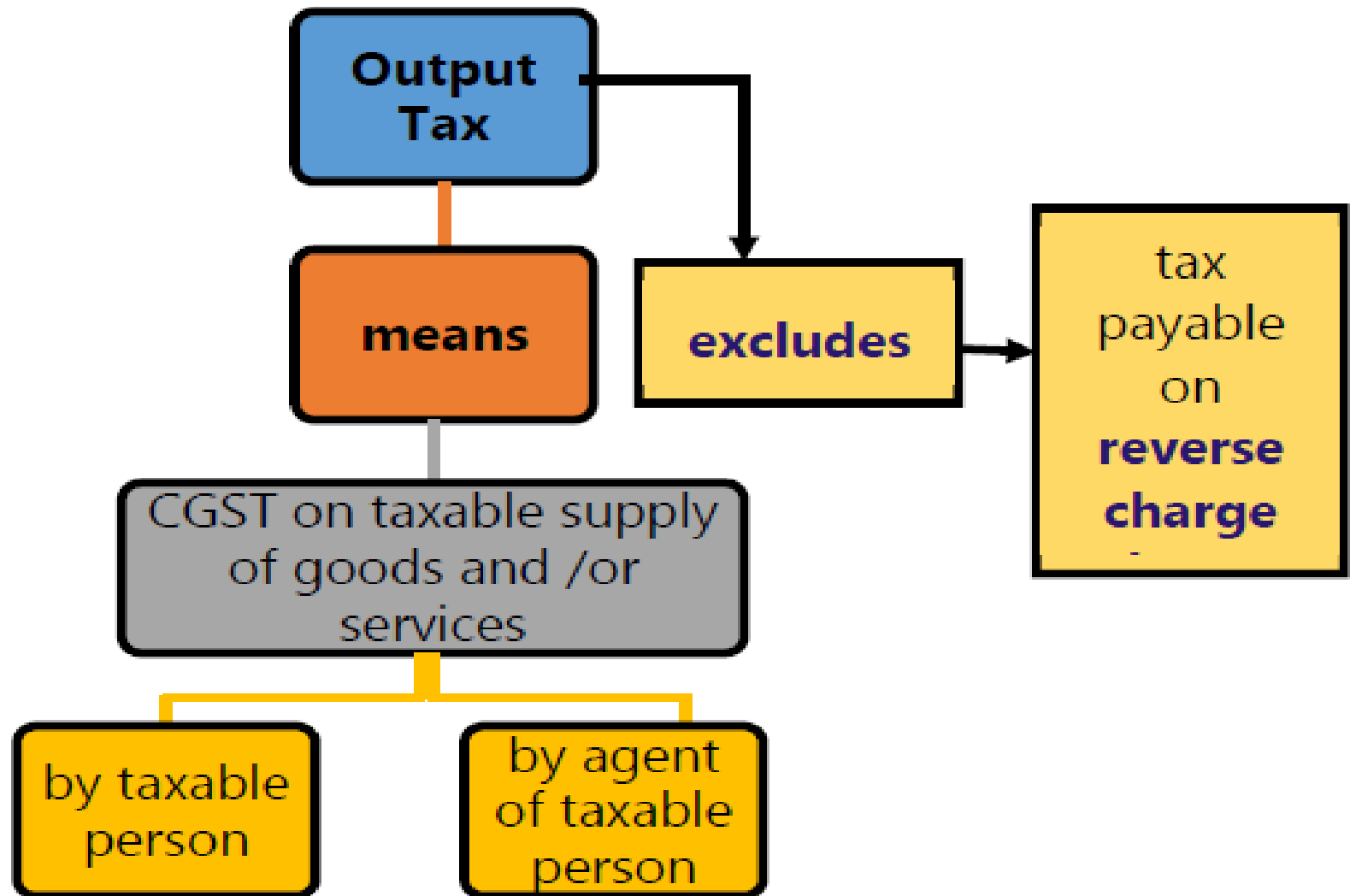
Sub-section (5) of section 35 read alongwith section 44(2) and rule 80 of the CGST Rules, 2017 stipulates as follows:

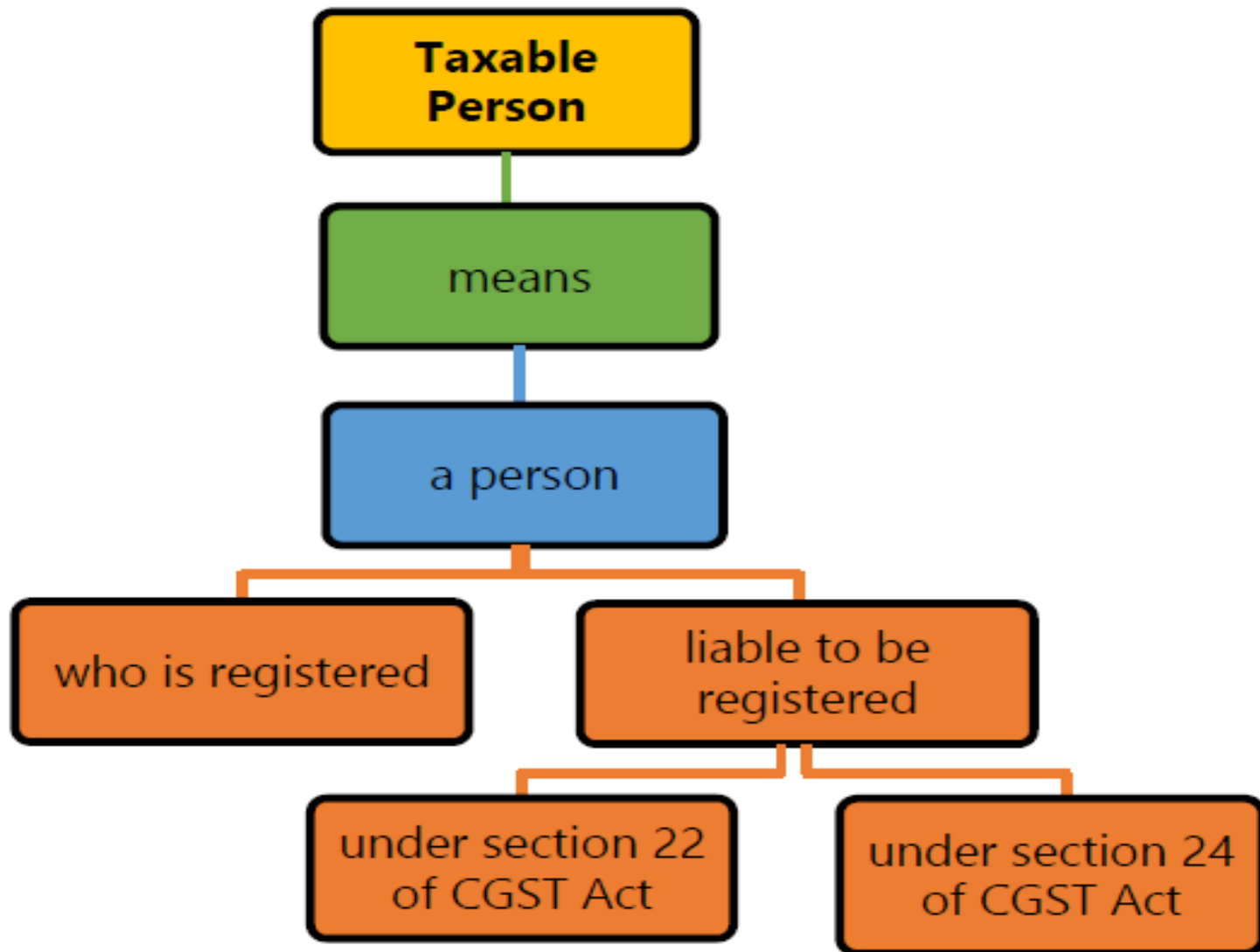
- A.** Every registered person must get his accounts audited by a Chartered Accountant or a Cost Accountant if his aggregate turnover during a FY exceeds ₹ 2 crores.



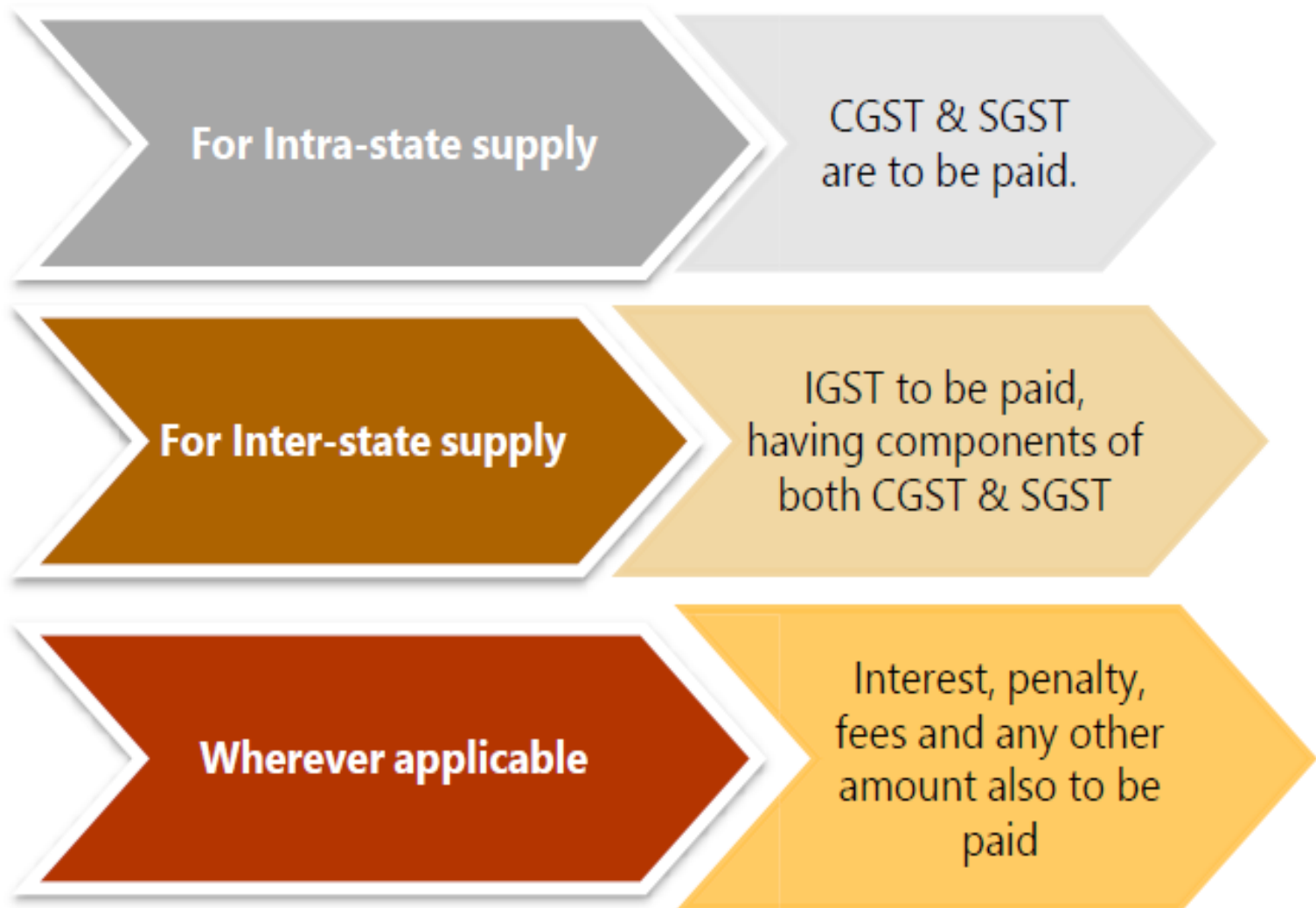


Payment of Tax

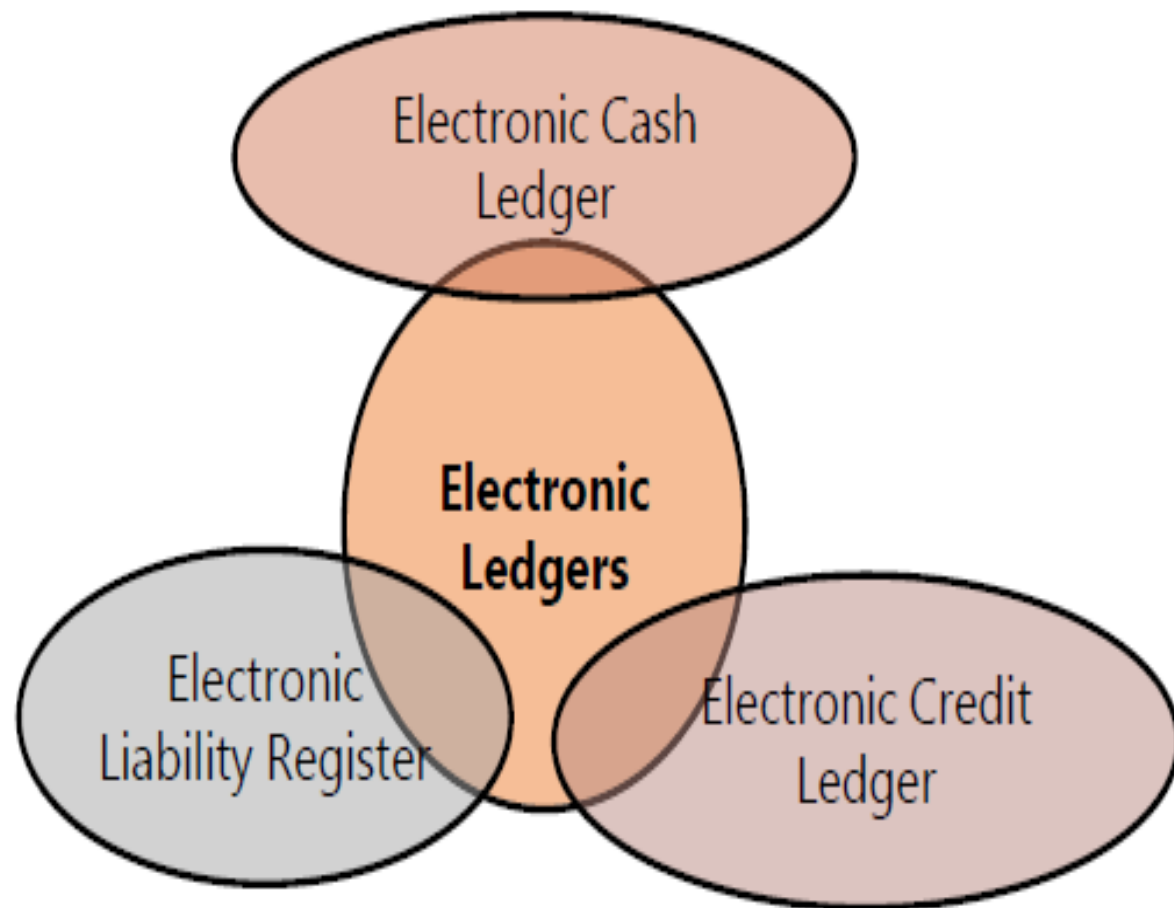




Payments to be made in GST regime



Types of Electronic ledgers



E-Ledgers

Electronic Cash Ledger

- It will reflect all deposits made in cash, and TDS/TCS made on account of the tax payer.
- This ledger can be used for making **ANY PAYMENT** towards tax, interest, penalty, fees or any other amount on account of GST.

Electronic Credit Ledger

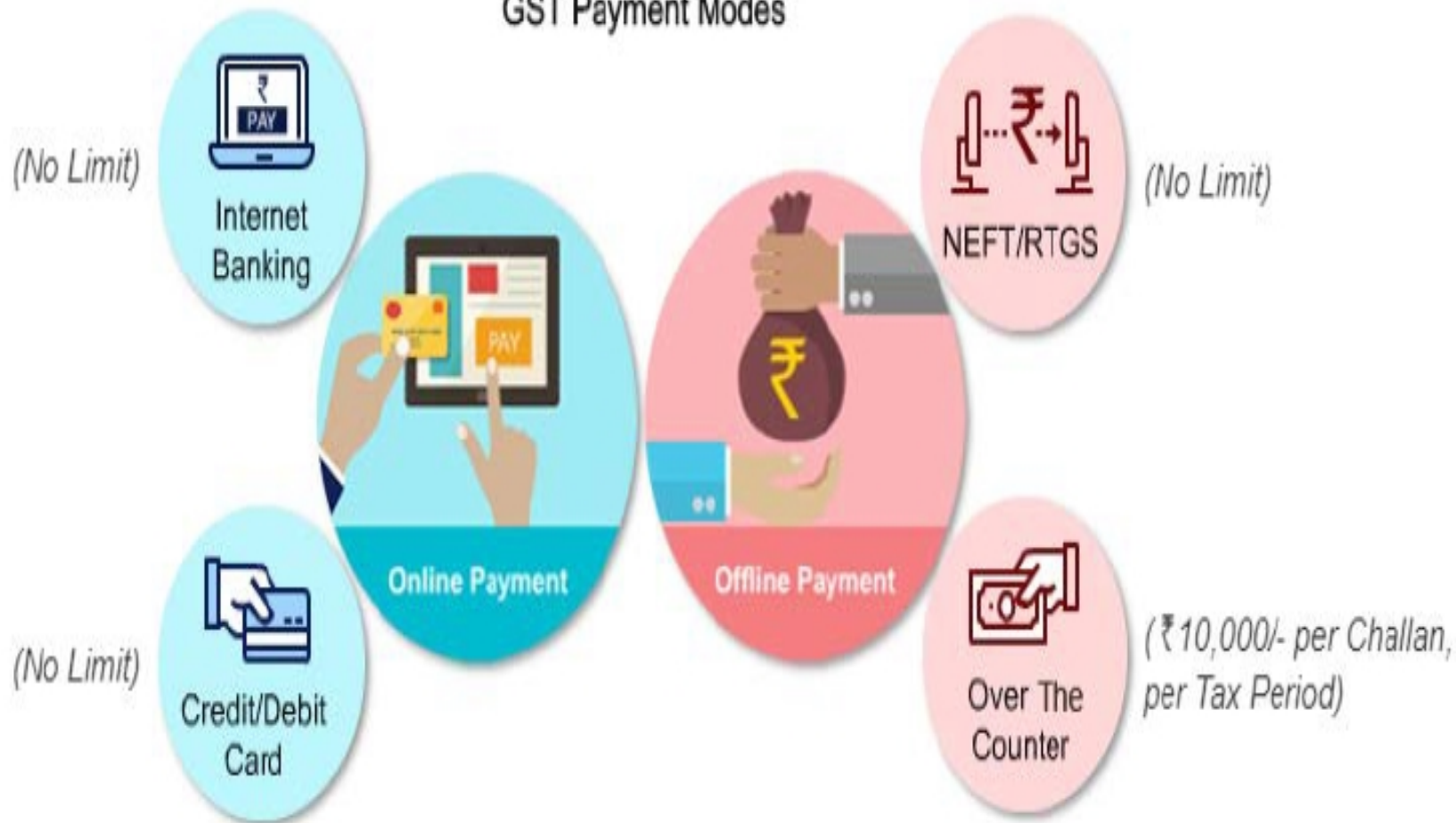
- It will reflect Input Tax Credit as self-assessed in monthly returns.
- The credit in this ledger can be used to make payment of **TAX ONLY** i.e. output tax and not other amounts such as interest, penalty, fees etc.

Electronic Liability Register

- Electronic Liability Register will reflect the total tax liability of a taxpayer (after netting) for the particular month.

Modes of Deposit in Electronic Cash Ledger

GST Payment Modes



Major and Minor Heads of Payment



Major Heads

- IGST
- CGST
- SGST/UTGST
- CESS

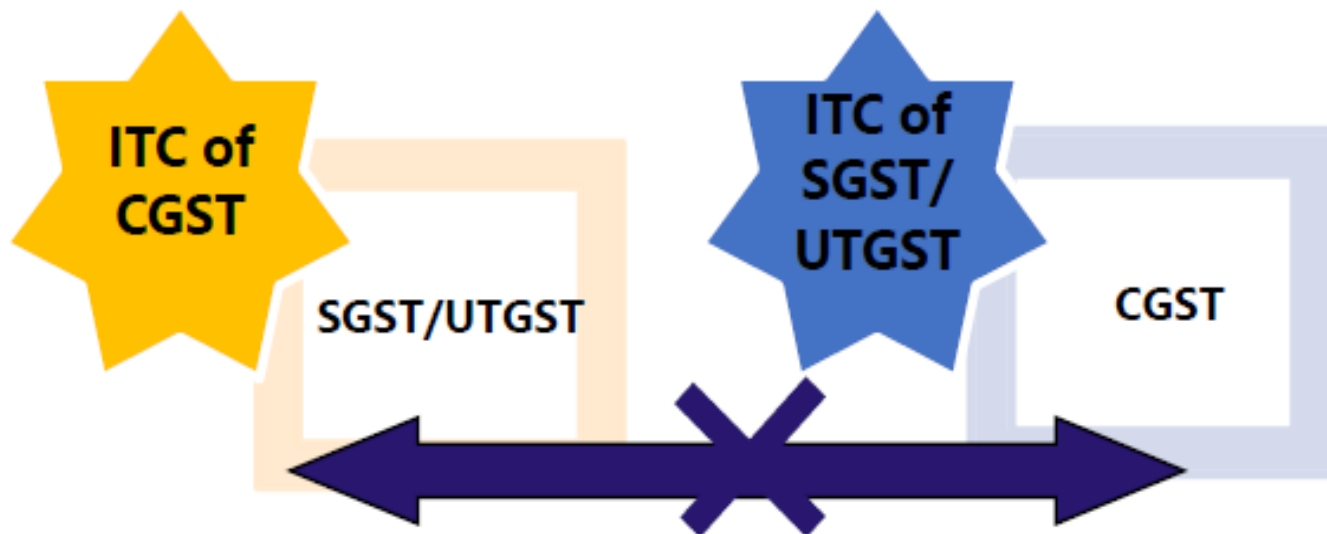
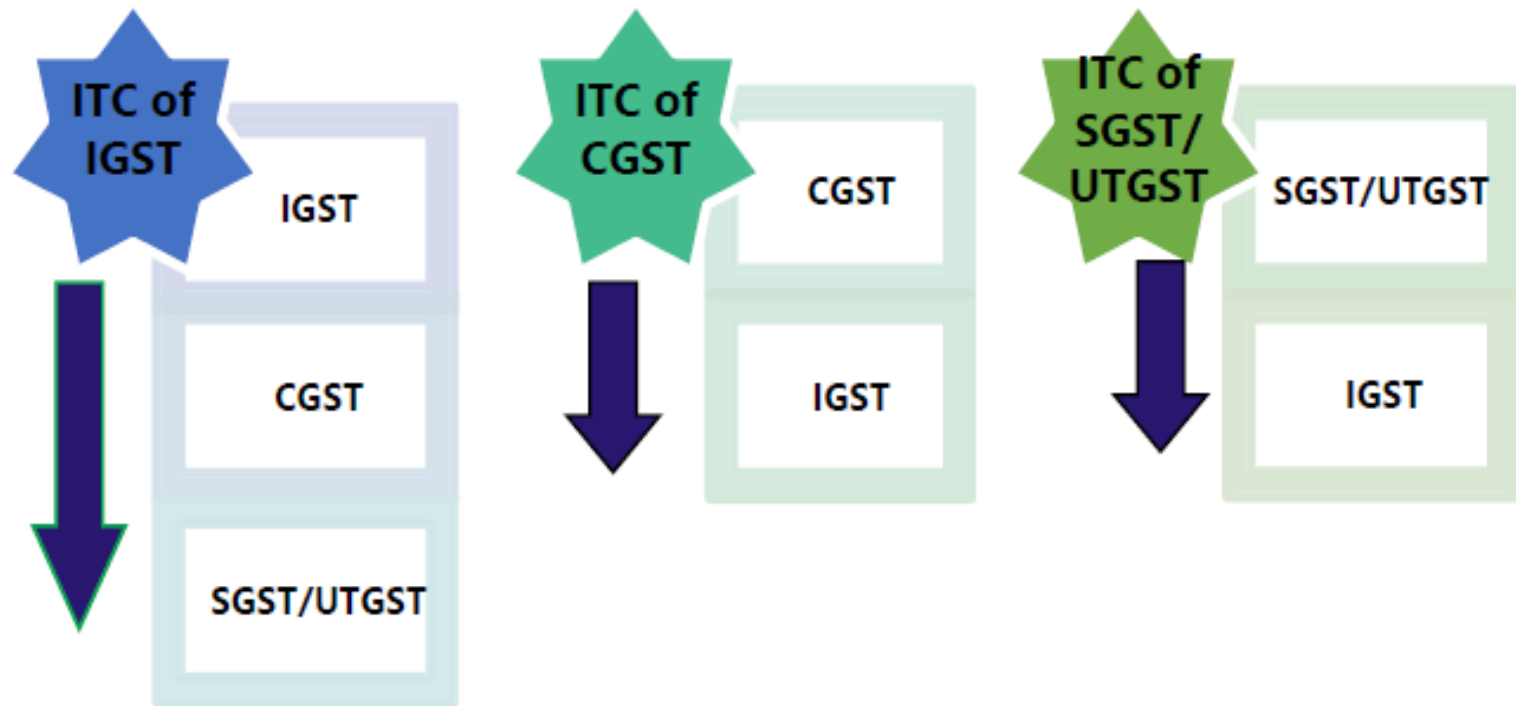


Each of these Major Heads have the five following Minor Heads

Minor Heads

- Tax
- Interest
- Penalty
- Fee
- Others

Cross utilization of funds across major or minor heads ➡ NOT possible

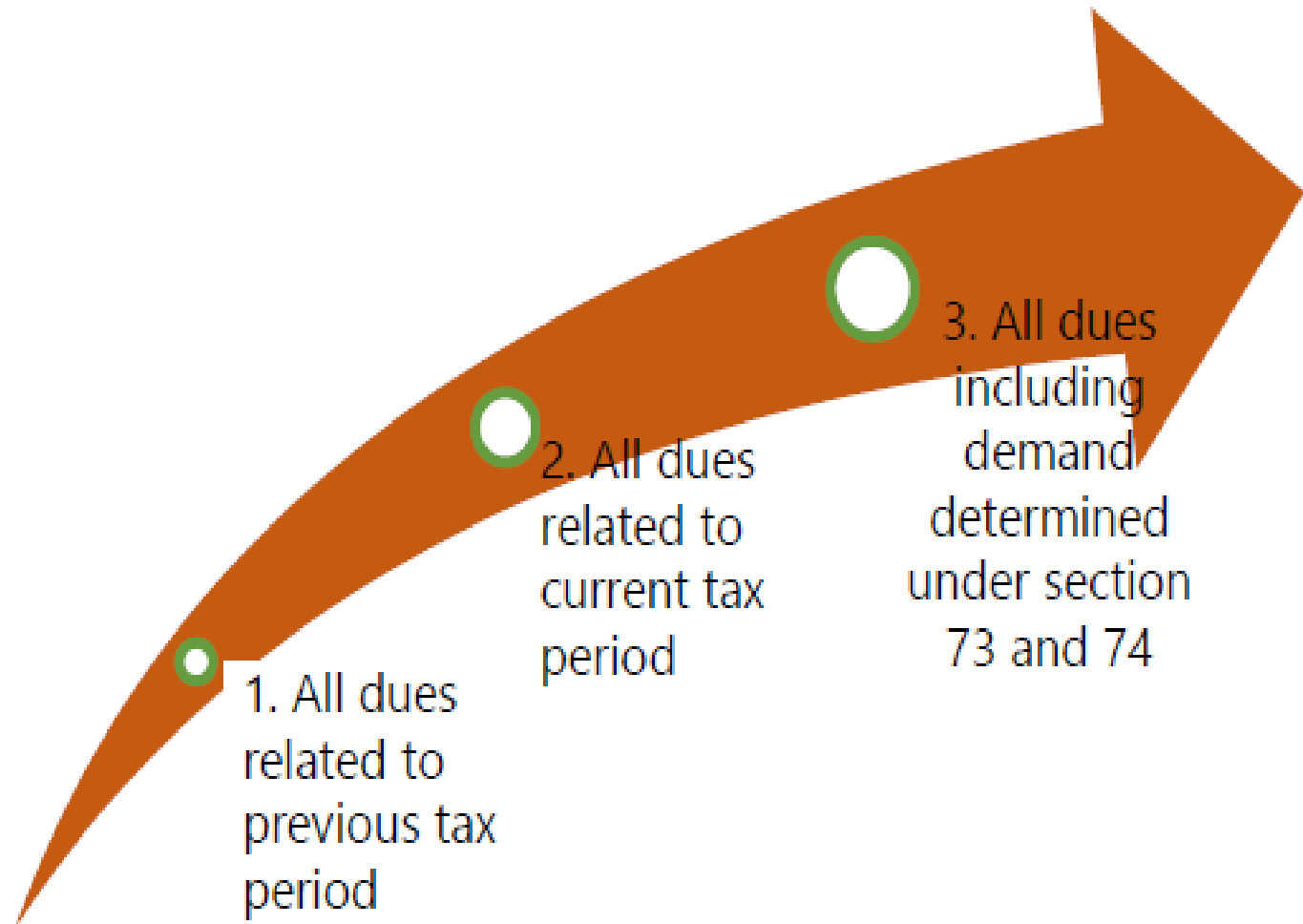


Date of deposit of tax dues

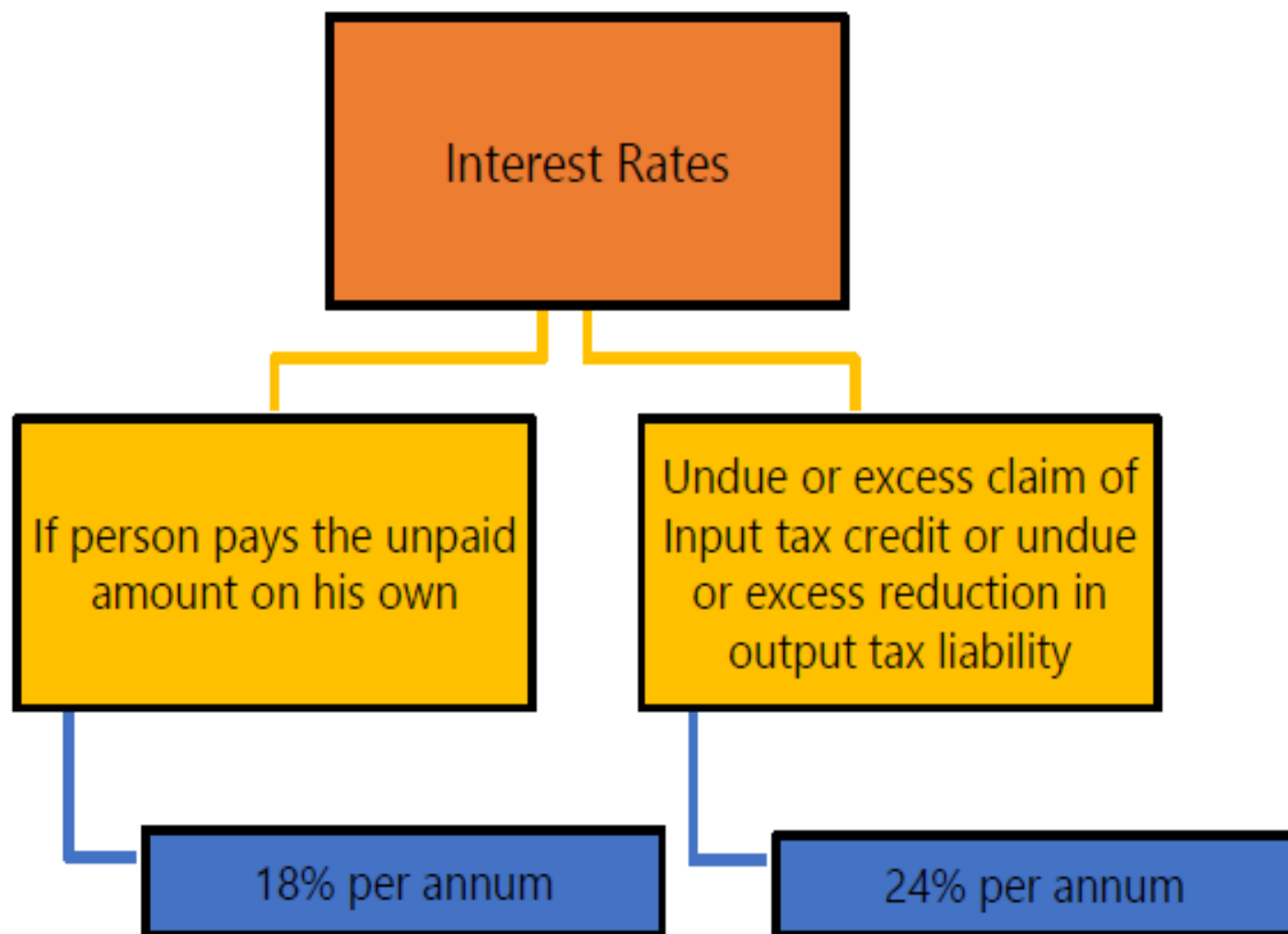
Which date is considered as date of deposit of the tax dues ?		
(i)	Date of presentation of cheque	×
(ii)	Date of payment	×
(iii)	Date of credit of amount in the account of government	√

Electronic liability register

Order of discharge of liability of taxable person



Interest on delayed payment of tax [Section 50]





TDS and TCS

Electronic Commerce

```
graph TD; EC[Electronic Commerce] --> means[means]; EC --> IP[including digital products over]; means --> SG[supply of goods]; means --> SS[supply of services]; means --> SGS[supply of goods and services]; IP --> DN[digital network]; IP --> EN[electronic network];
```

means

supply of
goods

supply of
services

supply of
goods and
services

including digital products over

digital
network

electronic
network

**Electronic
Commerce Operator**

means

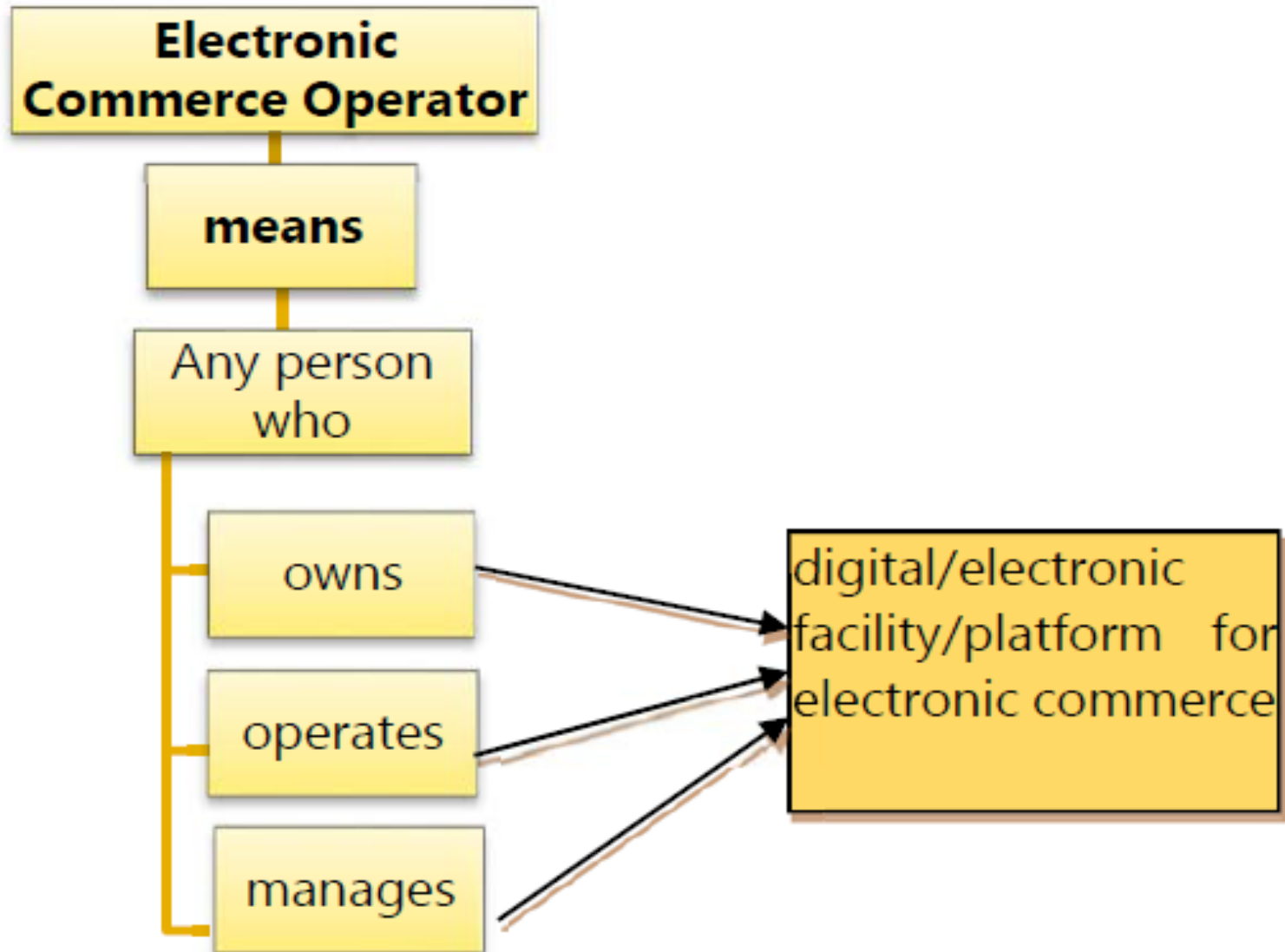
Any person
who

owns

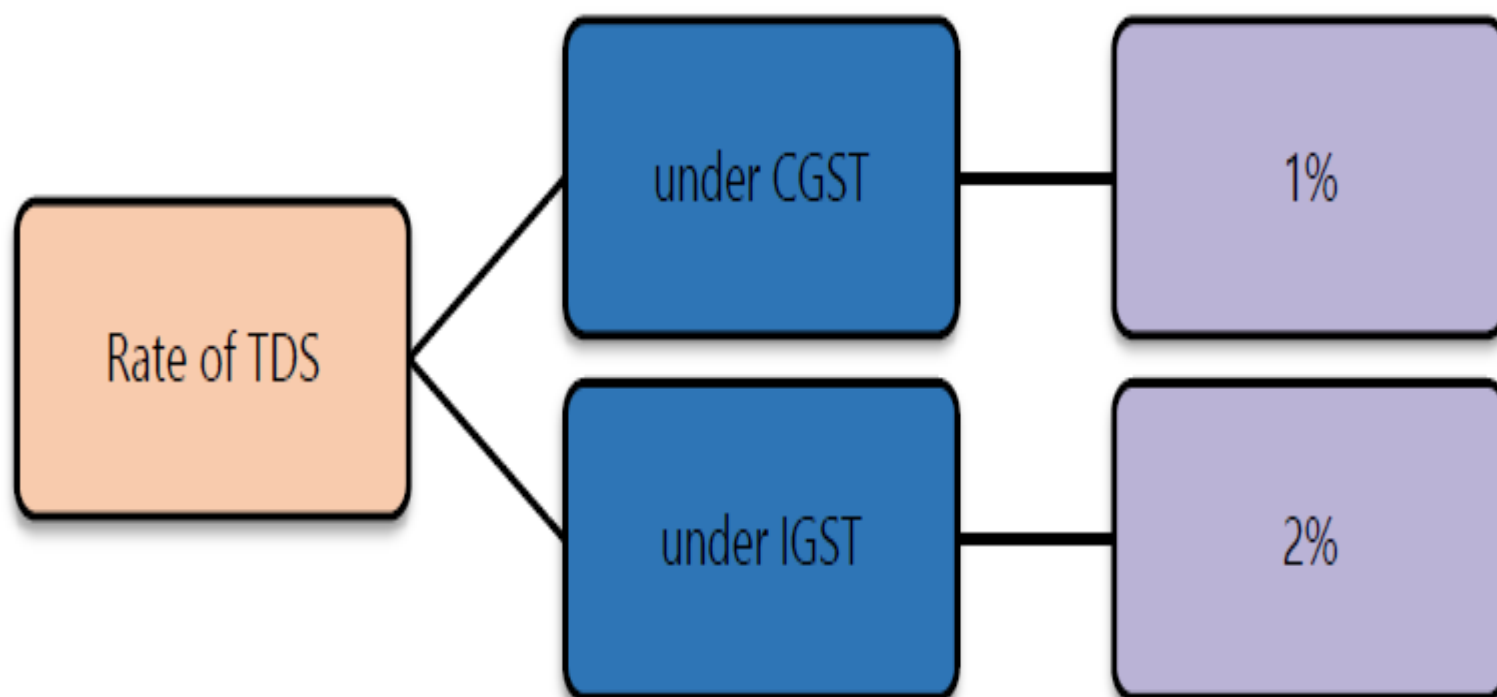
operates

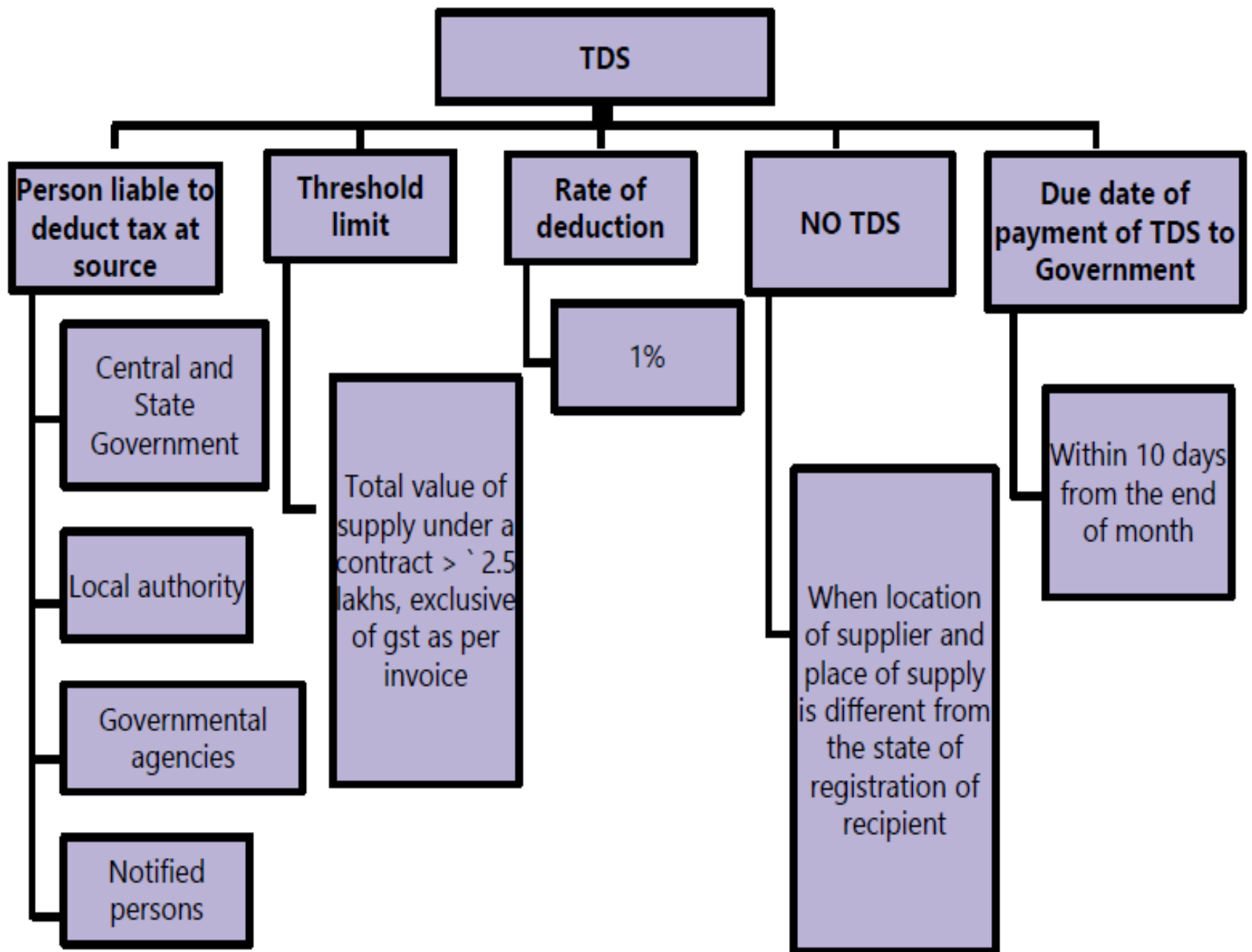
manages

digital/electronic
facility/platform for
electronic commerce



RATE OF TDS





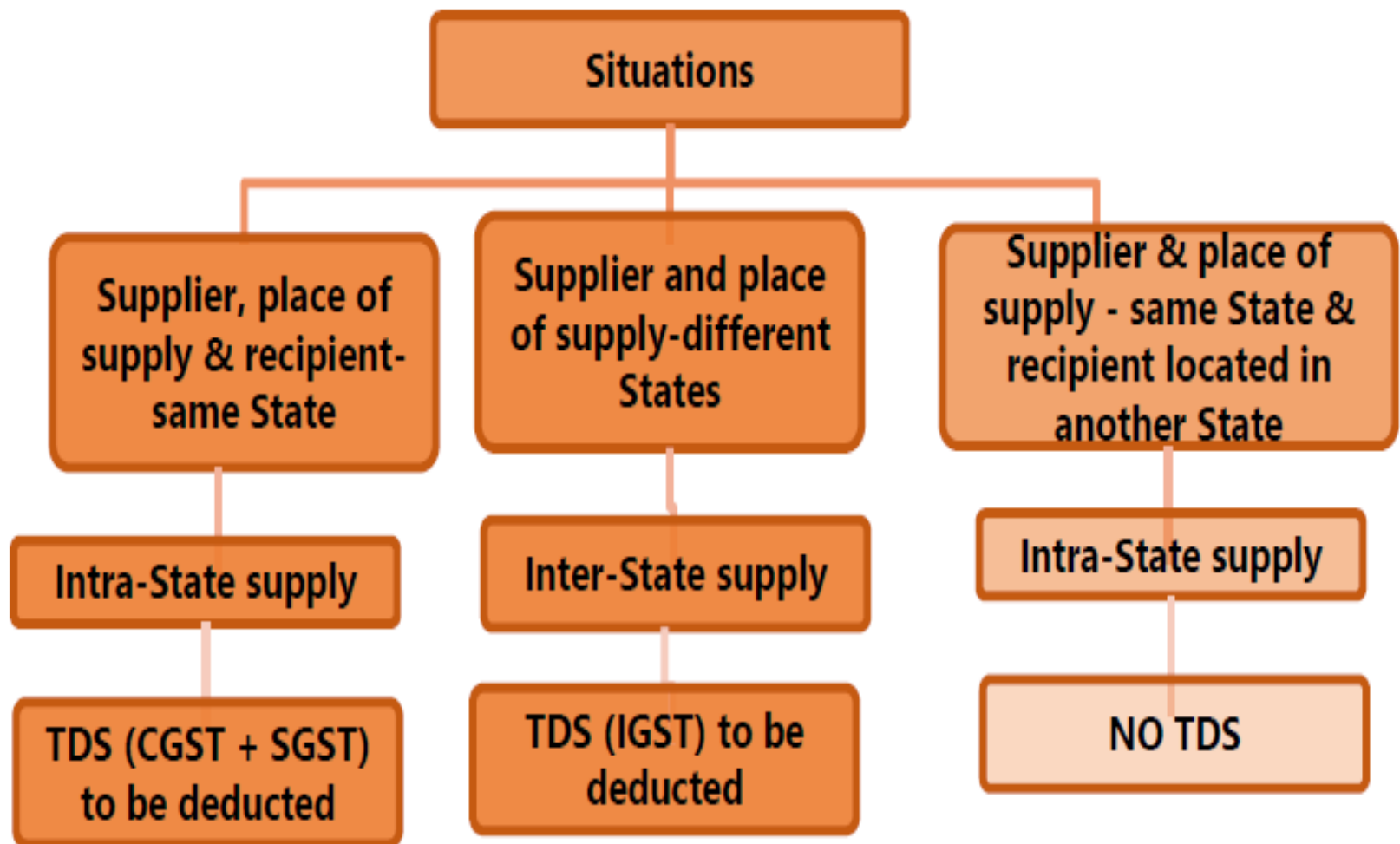
MANNER OF ACCOUNT OF TDS BY TDS DEDUCTOR

1.	Such deductors needs to get compulsorily registered under section 24 of the CGST/SGST Act.
2.	They need to remit such TDS collected by the 10 th day of the month succeeding the month in which TDS was collected.
3.	The amount deposited as TDS will be reflected in the electronic cash ledger of the supplier.
4.	They need to issue certificate of such TDS to the deductee within 5 days of deducting TDS failing which fees of ₹ 100 per day subject to maximum of ₹ 5,000/- will be payable by such deductor.

MANNER OF ACCOUNT OF TDS BY SUPPLIER

- ❖ Any amount shown as TDS will be reflected in the electronic cash ledger of the concerned supplier.
- ❖ He can utilize this amount towards discharging his liability towards tax, interest fees and any other amount.

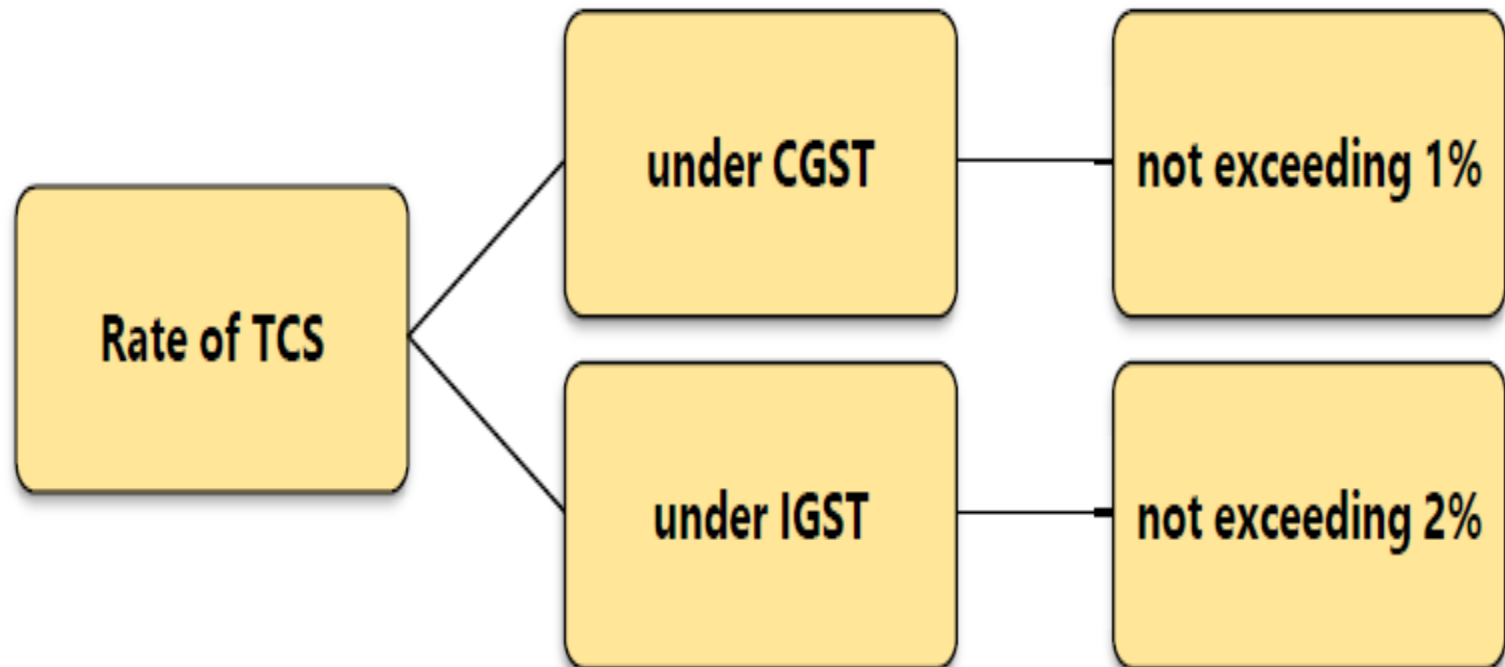
APPLICABILITY OF TDS



CONSEQUENCES OF NOT COMPLYING WITH TDS PROVISIONS

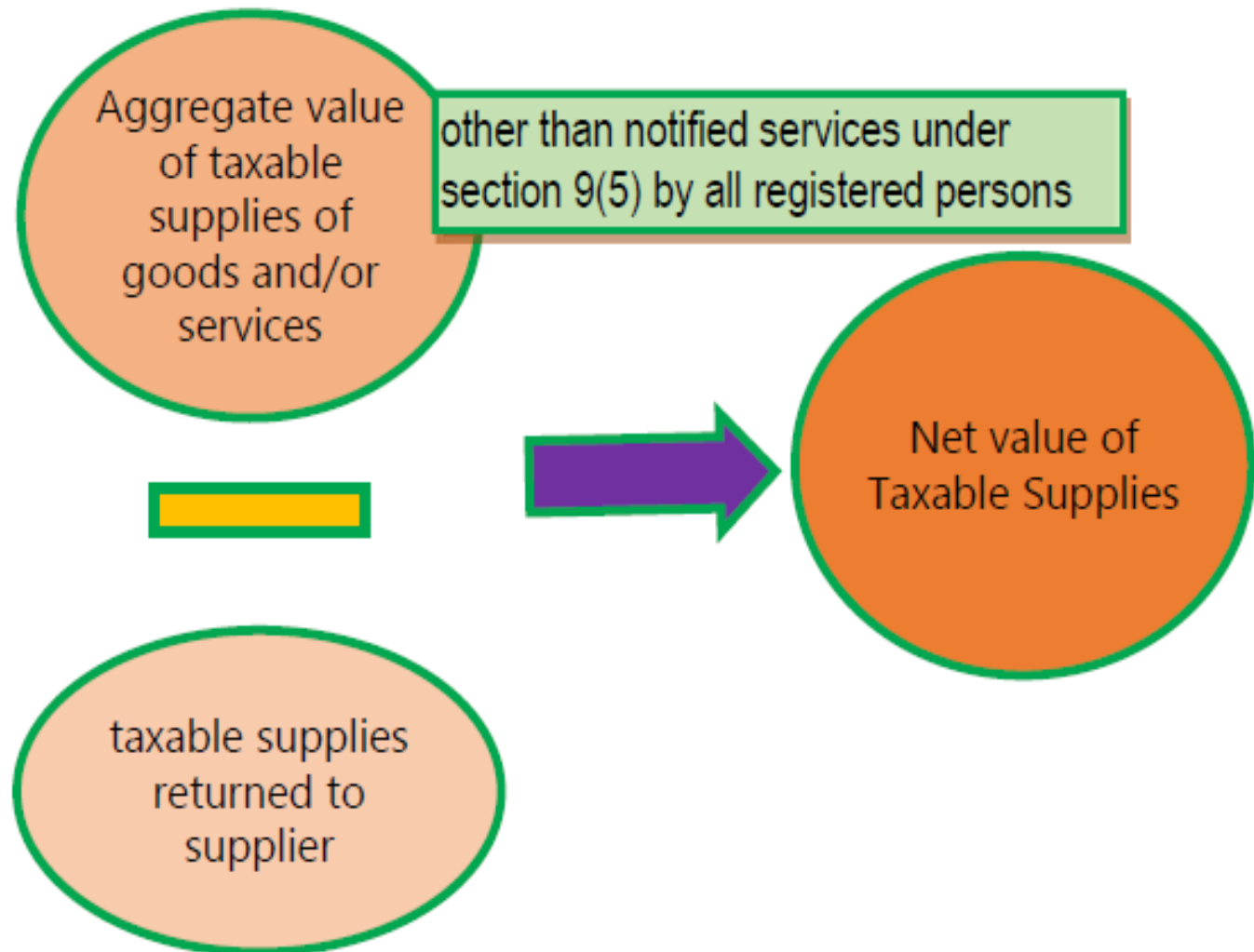
S. No.	Event	Consequence
1.	TDS not deducted	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law
2.	TDS certificate not issued or delayed beyond the prescribed period of five days	Late fee of ₹ 100/- per day subject to a maximum amount of ₹ 5000/-
3.	TDS deducted but not paid to the Government or paid later than 10th of the succeeding month	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law
4.	Late filing of TDS returns	Late fee of ₹ 100/- for every day during which such failure continues, subject to a maximum amount of ₹ 5,000.

RATE OF TCS

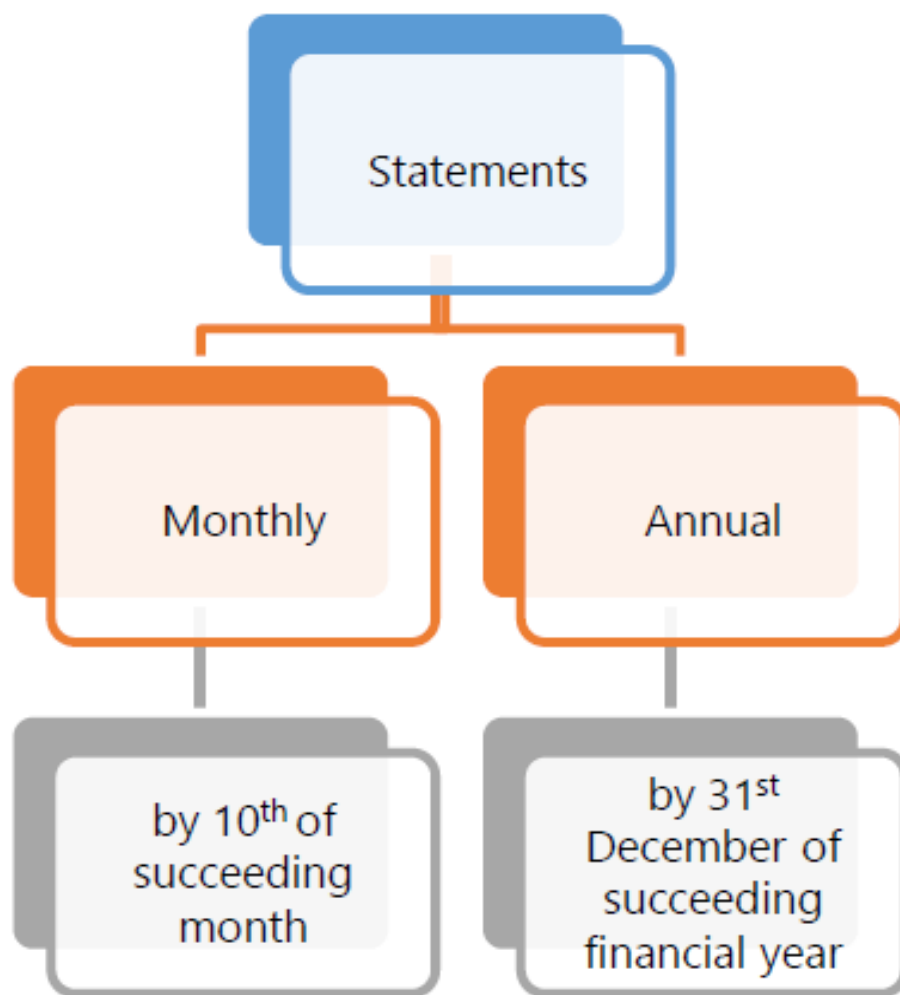




NET VALUE OF TAXABLE SUPPLIES



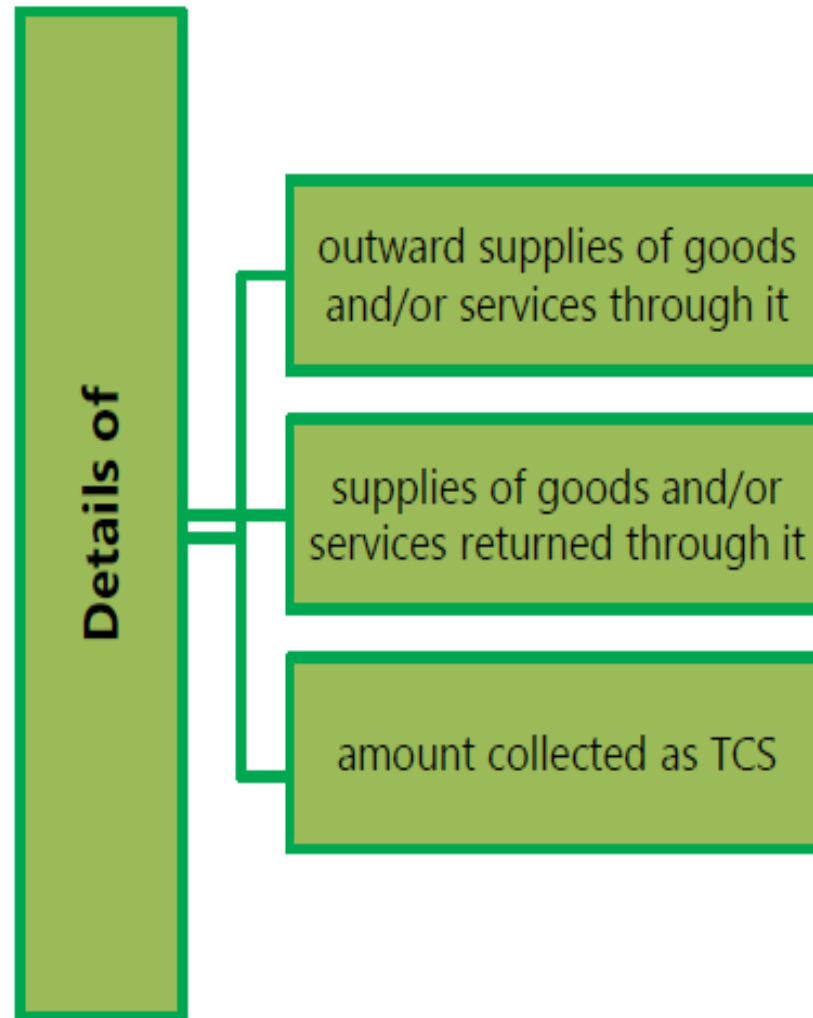
FILING OF STATEMENTS



KEY POINTS RELATING TO TCS

- (a) Every e-commerce operator is required to collect tax on behalf of actual supplier, where consideration with respect to the supply is being collected by the e-commerce operator.
- (b) The e-commerce operator should make the collection during the month in which supply was made.

CONTENT OF MONTHLY & ANNUAL STATEMENTS FURNISHED BY OPERATOR





Returns

1. Basic features of return mechanism

Electronic filing of returns

Uploading of invoice level information

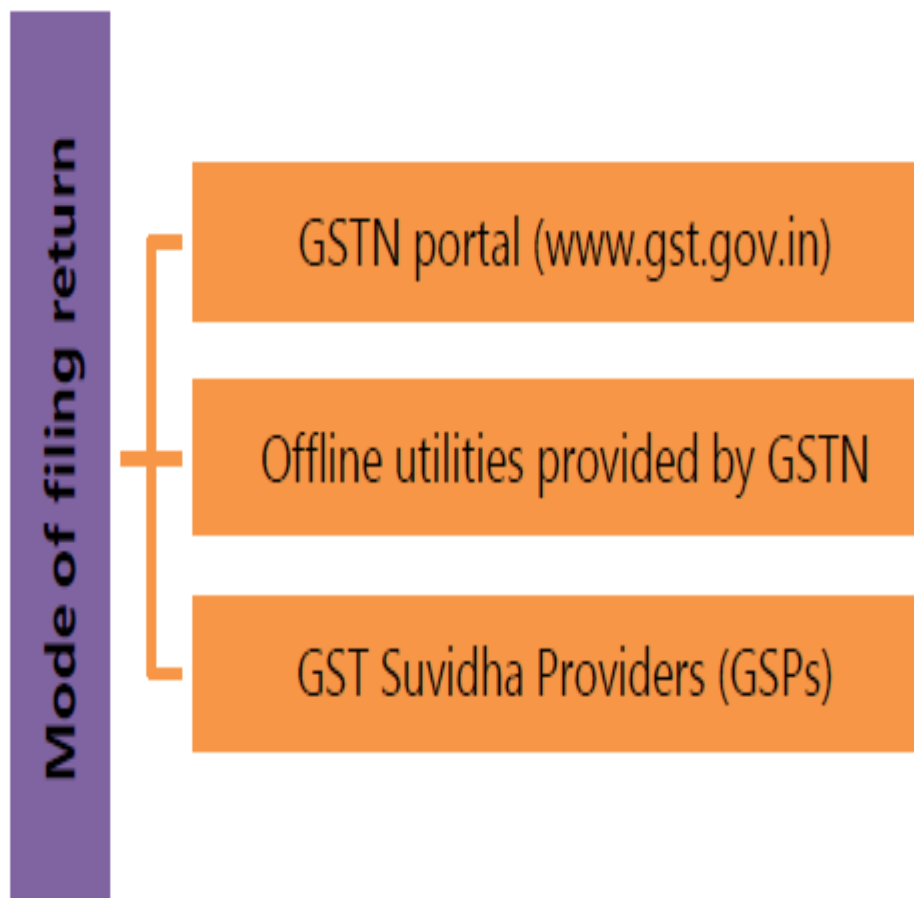
Auto-population of information relating to ITC from returns of supplier to that of recipient

Invoice-level information matching

Auto- reversal of Input Tax Credit in case of mismatch.

2. Modes of filing return

All the returns are to be filed online.



3. List of returns under GST

Return	Description	Who Files?	Date for filing
GSTR-1	Monthly Statement of Outward supplies of Goods or Services	Registered Person	10th of the next month
GSTR-2	Monthly Statement of Inward supplies of Goods or Services	Registered Person	15th of the next month
GSTR-3	Monthly Return for a normal taxpayer	Registered Person	20th of the next month
GSTR-4	Quarterly Return	Taxable Person opting for Composition Levy	18th of the month succeeding the quarter
GSTR-5	Monthly Return for a non-resident taxpayer	Non-resident Taxpayer	20th of the month succeeding the tax period or within 7 days after expiry of registration, whichever is earlier
GSTR-9	Annual Return	Registered Person other than an ISD, TDS/TCS Taxpayer, Casual Taxable Person and Non-resident Taxpayer	31 st December of next Financial Year
GSTR-10	Final Return	Taxable Person whose registration has been surrendered or cancelled	Within three months of the date of cancellation or date of order of cancellation, whichever is later.

4. Returns to be filed by a normal taxpayer

GSTR-1 Statement of Outward Supplies

- This Statement signifies the tax liability of the supplier for the supplies effected during the previous month.
- It needs to be filed by the 10th of every month in relation to supplies effected during the previous month.
- For example, a statement of all the outward supplies made during the month of July, needs to be filed by 10th August.

GSTR-2 Statement of Inward Supplies

- This Statement signifies accrual of ITC (Input Tax Credit) from the inputs received during the previous month.
- It is auto-populated from the GSTR-1s filed by the corresponding suppliers of the Taxpayer except for a few fields like imports, and purchases from unregistered suppliers.
- It needs to be filed by the 15th of every month in relation to supplies received during the previous month.
- For example, a statement of all the inward supplies received during the month of July needs to be filed by 15th August.

GSTR-3- Return

- This is a consolidated return. It needs to be filed by the 20th of every month. It consolidates the following details
- a. Outward Supplies (Auto-Populated from GSTR-1)
- b. Inward Supplies (Auto-Populated from GSTR-2)
- c. ITC availed
- d. Tax Payable
- e. Tax Paid (Using both Cash and ITC)

5. Due date of payment

Due date of payment of GST

- Payment should be made on or before 20th of every month

6. Annual Return

Annual Return

This return needs to be filed by 31st December of the next Financial Year.

In this return, the taxpayer needs to furnish details of expenditure and income for the entire Financial Year.

7. Return filing milestones



GSTR-1

- Signifies Tax Liability
- File via GSTN/Easy upload tools provided by GSTN/GSPs
- Periodical uploading allowed
- Filed by 10th

GSTR-2

- Signifies ITC availability
- Auto-populated from GSTR-1s filed by a Tax Payer's Suppliers
- Changes allowed between 10th and 15th
- Filed by 15th

Between 15th and 17th


- Supplier has the option to accept/reject additional invoices added by the tax payer (recipient)
- Supplier's GSTR-1 gets amended to that effect.

GSTR-3


- Auto-populated from GSTR-1 and GSTR-2
- Filed by 20th
- Payment can be made anytime before or on 20th.

8. Revision of Returns

The mechanism of filing revised returns for any correction of errors/omissions has been done away with.



The rectification of errors/omissions is allowed in the subsequent returns.



However, no rectification is allowed after furnishing the return for the month of September following the end of the financial year to which such details pertain **or** furnishing of the relevant annual return, **whichever is earlier.**

9. Penal provisions relating to returns


Any registered person who fails to furnish Form GSTR-1, GSTR-2, GSTR-3 or Final Return within the due dates

shall be liable to pay a late fee of ₹ 100 per day,


subject to a maximum of ₹5,000

10. ITC Matching and auto-reversal

It is a mechanism to prevent revenue leakage.




The process of ITC Matching begins after the due date for filing of the return (20th of every month). This is carried out by GSTN.




The details of every inward supply furnished by "recipient" in form GSTR-2 shall be matched with corresponding details of outward supply furnished by corresponding "supplier" in his valid return.

A return may be considered to be a valid return only when the appropriate GST has been paid in full by the taxable person, as shown in such return for a given tax period.



In case the details match, then ITC claimed by recipient in his valid returns shall be considered as finally accepted and such acceptance shall be communicated to recipient.

Failure to file valid return by the supplier may lead to denial of ITC in the hands of the recipient.




In case the ITC claimed by the recipient is in excess of the tax declared by the supplier or where the details of outward supply are not declared by the supplier in his valid returns,


the discrepancy shall be communicated to both the supplier and the recipient.

Similarly, in case, there is duplication of claim of ITC, the same shall be communicated to the recipient.


The recipient will be asked to rectify the discrepancy of excess claim of ITC and in case the supplier has not rectified the discrepancy communicated in his valid returns for the month in which the discrepancy is communicated then such excess ITC as claimed by the recipient shall be added to output tax liability of recipient in the succeeding month.



Similarly, duplication of ITC claimed by the recipient shall be added to output tax liability of recipient in the month in which such duplication is communicated.



The recipient shall be liable to pay interest on the excess ITC or duplicate ITC added back to output tax liability of recipient from the date of availing of ITC till the corresponding additions are made in their returns.



Re-claim of ITC refers to taking back the ITC reversed in the Electronic Credit Ledger of the recipient by way of reducing the output tax liability.

Such re-claim can be made by recipient only if supplier declares details of the Invoice and/or Debit Notes in his valid return within prescribed timeframe.

In such case, interest paid by recipient shall be refunded to him by way of crediting the amount to his Electronic Cash Ledger.