

CASE STUDIES OF GST LAW

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CASE STUDIES:



Un - Registered
Person

- Mr. P is Un-Registered Person in GST.
- He is earning Income from Blogging and from Youtube.
- Income earned during the year is Rs 18 Lakhs.



Question:

He seeks opinion whether he is required to get registered in GST as **per section 22 or section 24 of CGST Act?**

Section 24 – Compulsory GST Registration.

Answer:

- Mr. P is Supplier of **Services**.
- As per section 24 of CGST Act 2017, Person supplying **Goods** from **one state to another (Inter-State)** is compulsorily required to get registered.
- Since Mr. P is supplier of services, he is **not compulsorily** required to get registered as per Sec 24.
- Mr. P shall get registered only if his **Turnover exceeds Rs 20 Lakhs** during the financial year.

CASE STUDIES:



- A Private Limited Company is in business of “Manufacturing”.
- Due to Coronavirus pandemic, Maharashtra Govt has issued an Order No 40-3/2020.
- All Industrial, Commercial Establishments, Workplaces, Offices shall make arrangements for “COMPULSORY MEDICAL INSURANCE FOR WORKERS”.
- Company took medical insurance for Employees for Rs 10L + 1.8 L GST.
- Company also took medical insurance for Workers for Rs 20L + 3.6 L GST.



Question:

- As per section 17(5) (b) of CGST Act 2017, GST paid for health insurance and life insurance of employees and workers is blocked.
- Pvt Ltd Co is seeking opinion whether it can claim “Input Tax Credit” of GST paid of Rs 1.8 Lakhs for Medical Insurance of Employees?
- Pvt Ltd Co is seeking opinion whether it can claim “Input Tax Credit” of GST paid of Rs 3.6 Lakhs for Medical Insurance of Workers?

Answer:

- As per Section 17(5) (b) of CGST Act 2017, GST paid for health insurance and life insurance of employees and workers is blocked.
- However in following cases, Input Tax Credit shall be allowed for Health and Insurance Premium.
 - a) If government has made it obligatory in nature.
 - b) If supplier and recipient are in same line of business.
 - c) If its part of Taxable Composite or Mixed Supply.
- In given case, Maharashtra Govt has made it obligatory to give Medical Insurance to workers.
- Hence Input Tax Credit of GST paid of Rs 3.6 Lakhs shall be allowable as per exception to 17(5)(b).
- However Input Tax Credit of GST paid of Rs 1.8 Lakhs for medical insurance of employees shall be blocked as it is not mandatory.

CASE STUDIES:



- Supplier sold mobile for Rs 50,000 + GST.
- Along with Mobile, it also gave charger, head phones and other accessories.
- It issued single invoice.



GST Rate – 12%



GST Rate – 18%



GST Rate – 28%

Question:

- What shall be GST Rate to be charged by Supplier to Buyer (Mr. P)?

Answer:

- It is composite supply as principal aim is to supply mobile.
- Supply of charger and headphones are ancillary.
- GST Rate shall be 12% on Rs 50,000.

CASE STUDIES:

Question

Partnership Firm ABC is supplier of goods. GST Rate for such goods is 12%. Firm sold such goods for the month of April 2020 for MRP of Rs 13,44,000/-.

What shall be Value of Supply?

Ans:

- As per Rule 35, Value of supply for MRP supplies shall be $\text{Total Value} * (100) / (100 + \text{GST Rate})$.
- Hence VOS shall be = 12,00,000 $(13,44,000 * 100/112)$.
- GST payable shall be Rs 1,44,000/-.

Question .

LLP ABC is supplier of goods. It has exported goods of 10,000 Pounds in UK. It seeks your opinion regarding Value of Supply under GST. Also at what value such supply shall be recorded in books of accounts?

- a) Exchange Rate as per Customs: 1 Pound = Rs 90
- b) Exchange Rate as per RBI : 1 Pound = Rs 92.

Ans:

- As per Rule 34, value of supply for goods shall be the rate of exchange for determination of value of taxable goods shall be the **applicable rate of exchange as notified by the Board under section 14 of the Customs Act, 1962.**
- Hence Value of Supply = 10,000 Pounds * Rs 90.
- Value of Supply shall be 9,00,000/-.
- However in books of accounts, value shall be recorded at RBI Reference Rate ie Es 9,20,000 (10000 Pounds * 92).

CASE STUDIES:



- Mr. Salman gives his car for **servicing**.
- Repair charges shall be Rs **10,000 + 18% GST**.



- Mechanic informs that some **spare-parts are damaged**. Hence we need to change the spare-parts.
- Hence Mechanic installed some **spare-parts (GST Rate – 28%)**.
- Service charges are **Rs 10,000**.
- Spare-part charges are **Rs 15,000**.
- Mechanic issued **Invoice of Rs 25,000 + GST**.



Question:

- Intention of Mr. Salman was “**SERVICING OF CAR**”.
- However Mr. Johnny have Installed **Spare Parts as well as done Servicing of Car**.
- **Is it Mixed Supply or Composite Supply?**
- If it is composite supply what shall be “**Principal Supply**?”

Answer:

- This will be matter of litigation. In order to avoid it government have come with **circular 47/21/2018**.
- Where a supply involves supply of both goods and services and the value of such goods and services supplied are shown separately, **the goods and services would be liable to tax at the rates as applicable to such goods and services SHOWN SEPARATELY**.
- Hence it is advised that Mr. Mechanic shall charge **GST @ 18% on Service Charges of Rs 10,000**.
- And charge **GST @ 28% on Spare-parts**.
- **Both amounts to be shown separately in Tax Invoice**.

CASE STUDIES:



- A Photographer is providing professional services.
- Mr. Will Smith comes to India to take such services.
- Such services are performed in India.
- Mr. Will makes payment in foreign currency and goes back to his country.



Question:

- What shall be Place of Supply of Services provided by Photographer to Mr. Will?
- Will it be considered as “Export of Services” ie Zero Rated?
- Will Photographer shall be liable to charge, collect and pay GST?

Answer:

- In given case, **recipient of services is outside India.**
- Hence we shall refer to **Section 13** of IGST Act 2017.
- In given case, Mr. Will smith have come to India & such services are performed in India. Hence it requires physical presence of recipient.
- As per Section 13(3)(b) of CGST Act 2017, Place of Supply of services shall be **location where services are performed.**
- **Services are performed in India.**
- Hence GST shall be applicable.
- It shall **not be considered as Export** of Services even though payment is received in foreign currency.

CASE STUDIES:



Registered
Person

- Mr. P bought capital asset on **1st April 2019 for Rs 5,00,000 + 90,000 GST.**
 - Life of asset as per Income Tax is 10 years.
 - He seeks opinion **whether he can claim Input Tax Credit of GST paid of Rs 90,000 in April 2019 or he is required to claim Rs 9,000 (90,000 / 10) every year.**
-
- Mr. P **sold** such capital asset **for Rs 3,50,000 on 8th May 2021.**
 - He seeks opinion whether GST shall be applicable on Rs 3,50,000?



Answer:

- Mr. P can claim entire **“Input Tax Credit of Rs 90,000” in April 2019 itself.**
- However **he cannot claim depreciation** on GST Component of Rs 90,000 as per section 16(3) of CGST Act 2017.
- As per section 18(6), read with rule 44(6) of CGST Rules, Mr. P cannot remove or discard or sell such asset **for period of 5 years.**
- In given case **Mr. P have removed goods within 5 years.**
- He shall be subjected to GST:
 - a) For **remaining quarters** of capital goods or
 - b) On transaction value of Rs 3,50,000Whichever is higher.

- Mr. P have used **Asset for 9 Quarters** (April 19 to May 2021).
- Hence **he has not used for 11 Quarters.**
- Hence he shall be liable to pay GST of **90,000 * 11 / 20 = Rs 49,500 OR**
- He shall be liable to **pay GST 3,50,000 * 18% = Rs 63,000.**
- Whichever is higher.

- Mr. P shall be liable to **pay GST of Rs 63,000 on sale of capital goods.**

CASE STUDIES:



- Mr. Ratan Tata is running office with 50 employees.
- Mr. Tata is providing free food (without consideration) to all its employees.
- Cost of making such food every month is Rs 5 Lakhs.



Question:

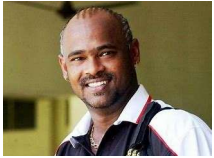
- Mr. Tata seeks opinion whether GST be applicable on such free supplies to employees?
- If yes what shall be value of supply?
- He also seeks opinion if there is any way to save GST Liability?

Answer:

- In given case, Employer and its employees are covered under definition of “Related Persons” in GST.
- As per Schedule I of CGST Act 2017, Supply between related persons shall be taxable supply even though it is without any consideration.
- Hence such food supply to employee shall be Taxable in GST.
- Value of supply shall be covered as per provisions of Rule 28 of CGST Rules 2017.
- As per Rule 28, Value of Supply shall be Cost + 10% (Assuming there is no Open Market Value or Like Kind and Quality).
- Hence Mr. Tata shall be required to pay GST on Rs 5,50,000.

- As per Schedule III of CGST Act 2017, Supply of services by employee to employer shall be Non Taxable Supply if it is in course of or in relation to employment.
- Hence any Salary received by employee shall not be taxable in hands of employee.
- Mr. Ratan Tata may add “**CLAUSE OF FREE FOOD**” services to employee in his employment contract or in Letter of Hiring.
- If he does so, such free food supply shall be treated as “CTC”.
- Hence such free supply shall be indirectly considered as Salary.
- Hence GST shall not be applicable.

CASE STUDIES:



- Vinod Kambli is selling “Cricket Kits” to people.
- It is selling helmet, cricket pads, cricket bats, cricket gloves, cricket balls etc.
- Kit cost is Rs 5,000 + GST.



Rate – 5%



Rate – 12%



Rate – 18%



Rate – Exempt



Rate – 28%

Question:

- What shall be GST Rate to be charged by Mr. Vinod for sale of Cricket Kit?

Answer:

- It is mixed supply as per GST.
- GST Rate to be charged is Highest Rate of GST.
- GST Rate shall be 28% on Rs 5,000.

CASE STUDIES:



Port



ICD / CFS



Custom Bonded Warehouse



Registered
Person

Mr. P has Imported Goods from U.K.

He seeks clarity **for requirement of E-Way Bill** for following:

- Goods came from U.K Port to Indian Port.**
- Goods are then moved from Port to ICD / CFS by custom authorities.**
- Goods are moved from ICD/CFS to Custom Bonded warehouse.**
- Goods are moved by importer from Custom Bonded Warehouse to his godown in Maharashtra.**



Answer:

- E Way Bill is **not required** for movement of goods from U.K. to Indian Port.
- E-Way Bill is **exempt** for movement of goods **from Indian Port to ICD and CFS.**
- E-Way Bill is **exempt** for movement of goods **from ICD / CFS to Custom Bonded Warehouse.**
- Yes E-Way Bill shall be required** for movement of goods from Custom Bonded Warehouse to location of Importer.
- Validity of E-Way Bill shall be Approximate Distance from Custom Bonded Warehouse to location of Importer.**
- Importer shall get 1 day for every 100 kms.**

CASE STUDIES:



Registered
Person

- Mr. P created its own **website**.
- He shall **sell his own products** or he shall give his own services from such website.



Question:

- He seeks opinion whether he is required to get registered under “**E-Commerce Operator or not?**”
- Will provisions of **TCS be applicable to him?**

Answer:

- E Commerce Operator is a person who owns, manages, operates an e-commerce platform and allows other to supply goods or services through use of E-Commerce Platform.
- **Since he is not registered as “E-Commerce Operator”, there is no question of TCS.**

OWNS

MANAGES

OPERATES

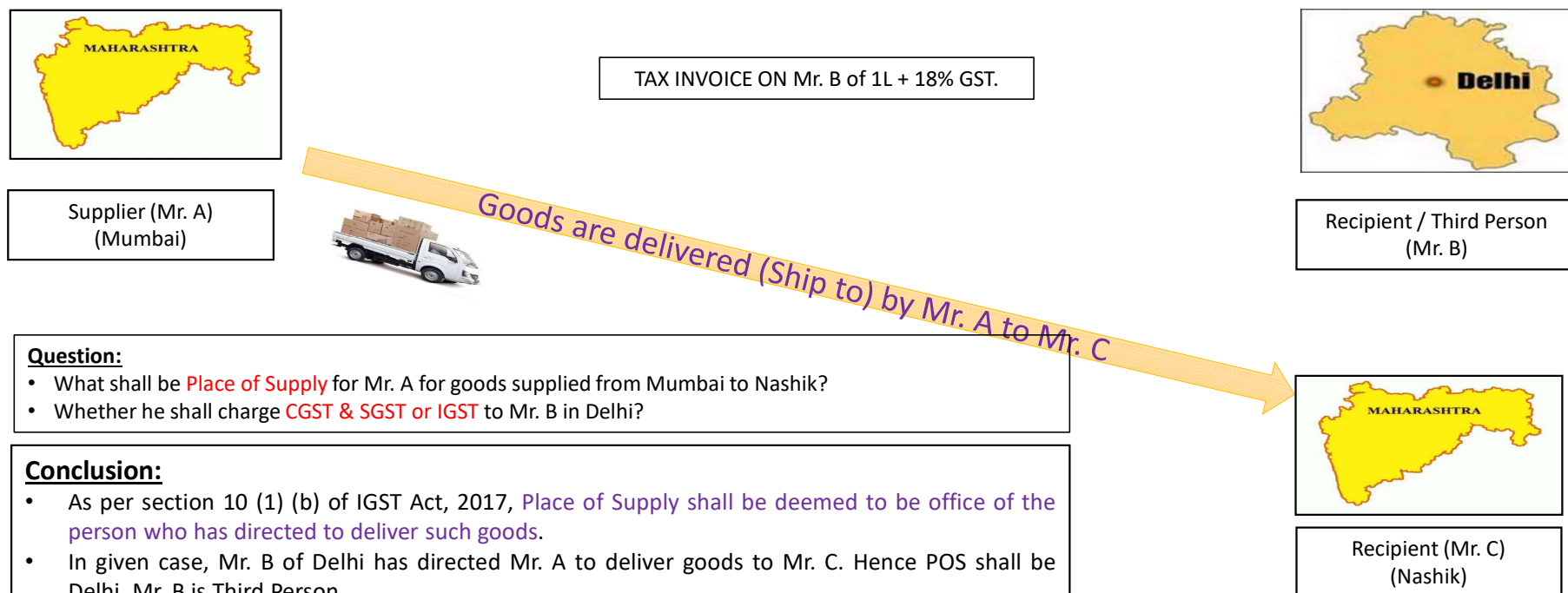
ALLOWS OTHERS TO USE
PLATFORM TO SELL GOODS OR
SERVICES

CASE STUDIES:

Mr. A sells Product X to **Mr. B of Delhi for Rs 1L + 18% GST**. He is about to load goods from his godown and begin journey to Delhi.

Mr. B of Delhi got order of same goods from Mr. C of Nashik. He shall sell **same goods to Mr. C of Nashik for Rs 1.5L + 18% GST**.

Mr. B of Delhi requests Mr. A to make an Invoice on Mr. B **but deliver goods directly to Mr. C of Nashik**.



CASE STUDIES:



- Mr. A (Composition Dealer) sold goods of Rs 1 Lakh to Buyer.
- Mr. A (Composition Dealer) paid Rs 1,000 to government from his own pocket ie GST @ 1% on Rs 1 Lakh.



BUYER



Question:

- Buyer wants to know whether he can claim Input Tax Credit of GST of Rs 1,000 or not?

Answer:

- Buyer cannot claim Input Tax Credit as buyer has not paid and shall never ever pay GST component of Rs 1,000 to Seller.
- Hence there is no question of Input Tax Credit.
- Also Input Tax Credit of buyer is also blocked u/s 17(5) of CGST Act 2017 for purchase of goods from composition taxpayer.

CASE STUDIES:



Mr. A (Seller)



Mr. A sells goods of Rs **5 Lakhs + 18% GST** on 10th April 2020 to Mr. B on Credit.

Mr. B (Buyer) is required to pay Rs **5,90,000** to Mr. A (Supplier).

- Mr. A makes GST payment of Rs **90,000 to govt on or before 20th May 2020** from his own pocket.
- Mr. B (Buyer) was standing as “Debtors” in books of accounts of Mr. A (Seller).
- Mr. B does not make any payment.
- Hence Mr. A book amount receivable **as Bad Debts**.



Mr. B (Buyer).



Question:

- Mr. A (Seller) wants to know **whether he can claim refund of GST paid of Rs 90,000** as Mr. B (Buyer) has refused to pay money to him?
- Also Mr. A seeks opinion **whether he can issue Credit Note** on Mr. B (Buyer)?

Answer:

- GST is attracted on Supply of Goods or Services.
- Whether buyer makes payment or does not make payment, it is immaterial.
- Mr. A cannot get any refund from govt.
- Also as per **Section 34** of CGST Act 2017, Credit Note may be issued only in following cases:

Buyer has returned
goods or services

Value of Supply is
wrongly charged

GST Rate is
incorrectly charged.

Discount when there
was Contract or
Agreement at time
of supply.

CASE STUDIES:



- School is earning Revenue from **School Fees from Students.**
- Fees earned is **Rs 1 Crore** for entire financial year.
- School Fees Income is entirely **exempt under GST.**

School
FEES

Question:

Whether **School is required to get registered** under GST Act or not as its turnover is greater than Rs 20 Lakhs?

Answer:

As per **Section 23** of CGST Act 2017, if supplier is providing only “**Exempt Supply**” then **he is not required to get registered in GST** even though his turnover is greater than Rs 20 Lakhs.



- School let outs its portion of building to private limited company and **earns Rental Income of Rs 25,000 for entire year.**

School
FEES

School Fees – Rs 1 Crore

Rental Income

Rental Income – Rs 25,000

Question:

Whether School is required to get registered under GST Act or not as its turnover is greater than Rs 20 Lakhs?

Answer:

- As per Section 22, every supplier shall be liable to get registered if his **aggregate turnover** exceeds Rs 20 Lakhs.
- As per Section 2(6), **Aggregate Turnover means Taxable + Exempt + NIL Rated + NON GST+ Non Taxable + Exports.**
- Hence Aggregate Turnover of School is Rs 1,00,25,000.
- Hence School **shall be liable to get registered in GST.**

CASE STUDIES:



- A Partnership Firm is registered in GST Act.
- It has two partners (Partner A) & (Partner B).



- There was fight or an argument between partners.
- Hence second partner (Partner B) retired from partnership firm.
- Since out of two partners, 1 partner has retired, **it cannot be said as Partnership Firm.**
- Hence 1st Partner (Partner A) converted business of partnership firm into his Sole proprietorship firm business.
- All assets, loans, profits or losses etc were taken over by Partner A and he is carrying business as Sole Proprietor.



Question:

Whether Partner A is required to do **“Non Core Amendment” or Core Amendment** for transfer of business from partnership into sole proprietorship?

Question:

- In given case, Firm was running the business through its PAN-Card.
- Since 1 partner has retired out of two partners, **partnership firm shall be dissolved.**
- In given case, Partner A is running business as a Sole-Proprietor.
- Hence **PAN CARD has changed from partnership firm pan card to Partner A's Pan Card.**
- **Partner A shall be liable to cancel GST number of Firm.**
- **He is required to new GST number on PAN Card of Partner A.**

CASE STUDIES:



- Builder is providing “**Works Contract Services**” to Mr. P for Office purpose.
- Builder is constructing **shopping mall**.
- He charged Rs 1 Crore + **18% GST**.



- Mr. P let out such mall to various parties and is earning Rental Income.
- Mr. P **earned Rental Income of Rs 25 Lakhs**.
- Mr. P charged & **collected GST @ 18%** on 25 Lakhs ie Rs 4,50,000 from tenants.
- Mr. P paid such GST collected to government.



Question:

- **Whether Mr. P can avail Input Tax Credit of Rs 18,00,000** which is availed as Works Contract Services?
- Mr. P is arguing that Mall is constructed for **Business Purpose**.
- Also he is collecting and **paying GST on Shops Let Out**.
- Hence Input Tax Credit of Rs 18 Lakhs must be allowed.

Answer:

- As per Section 17(5)(c), **Input Tax Credit in relation to works contract services are blocked**.
- Such ITC is blocked whether we avail works contract services for personal purpose or for business purpose.
- **Only exception is when supplier and recipient are both supplying works contract services (Sub-Contract)**.
- In given case, Mr. P is not works contractor. He has given property on Rent.
- Hence Input Tax Credit of Rs 18 Lakhs **shall not be allowed**.

However In case of “**Safari Retreats Pvt Ltd**”, **Orissa High Court** has held that Input Tax Credit in relation to works contract services or construction of immovable property on own account shall be eligible credit if immovable property is used for further supply ie let out.

CASE STUDIES:



Mr. Tata gives order for Import of Product X from UK Supplier **for Rs 10 Lakhs.**



- UK Supplier has shipped the goods to India and goods are in Transit.
- **Goods have not yet landed in India.**



- **Mr. Tata transfers ownership of goods to Mr. Mukesh for Rs 11 Lakhs.**
- **He transfers Title of Goods by issue of Invoice.**



Question:

- Whether Mr. Tata shall be liable to pay IGST on Import of Goods?
- What shall be GST impact for **Goods sold by Mr. Tata to Mr. Mukesh?**
- Whether Mr. Mukesh shall be liable to pay **IGST on Import?**
- If yes what shall be **Time of Supply?**
- And what shall be **Value of Supply?**

Answer:

- No, Mr. Tata shall **not be liable to pay IGST on 10 Lakhs** as he has supplied goods before goods have landed in India.
- Such supply are known as **High Seas Sales.**
- Also Mr. Tata shall **not be liable to pay GST on goods sold of Rs 11 Lakhs** to Mr. Mukesh as such supply are classified as **"Non Taxable Supply"** ie Schedule III.
- Mr. Mukesh **shall be liable to pay IGST on Import of Goods** as he is clearing goods from Port.
- Time of Supply shall be Date when **Bill of Entry for Home Consumption is filed.**
- Value of Supply shall be Rs **11 Lakhs** ie amount paid by Mr. Mukesh to Mr. Tata.
- Mr. Mukesh have to disclose **High Seas Sales Agreement to custom authorities** for obtaining goods.

CASE STUDIES:

Question:

Mr. B gave order of 200 kgs of Product X to Mr. A on 28th April 2020.

Order Value was Rs 10 Ls + 18% GST.

For such order, Mr. A supplied product x in 2 lots.

However it raised tax invoice immediately on the date of order.



Tax Invoice on 28/04/2020

Mr. A
Supplier of Maharashtra

1st lot (100Kg) of goods were delivered on 30th April 2020

Mr. B
Recipient of
Delhi



2nd Lot (100 Kg) of goods were delivered on 25th May 2020.

Recipient can avail entire ITC of Rs 1.8 Lakhs only after the receipt of Last instalment ie **25th May 2020.**

CASE STUDIES:



APPLICANT



Applicant seeks "Advance Ruling **what shall be GST Rate for Food**, soft drinks, and snacks sold in the Snack Bar & Food Court?"

Applicant seeks "Advance Ruling **whether it shall be eligible for Input Tax Credit for GST paid on Projector Rental, Movie Distribution**, Other



Pays 40% of Ticket Revenue to Movie Distributor

Say Rs 20 Lakhs + 3.6 Lakh GST

Pays Rental to Projector owner

Say Rs 5 Lakhs + 90K GST



Applicant seeks "Advance Ruling **whether it shall be eligible for Input Tax Credit for GST paid on AMC for maintenance of Wash Rooms & Walls**."



Contract of Rs 10L + 1.8 Lakhs GST



Contract of Rs 50L + 9 Lakhs GST

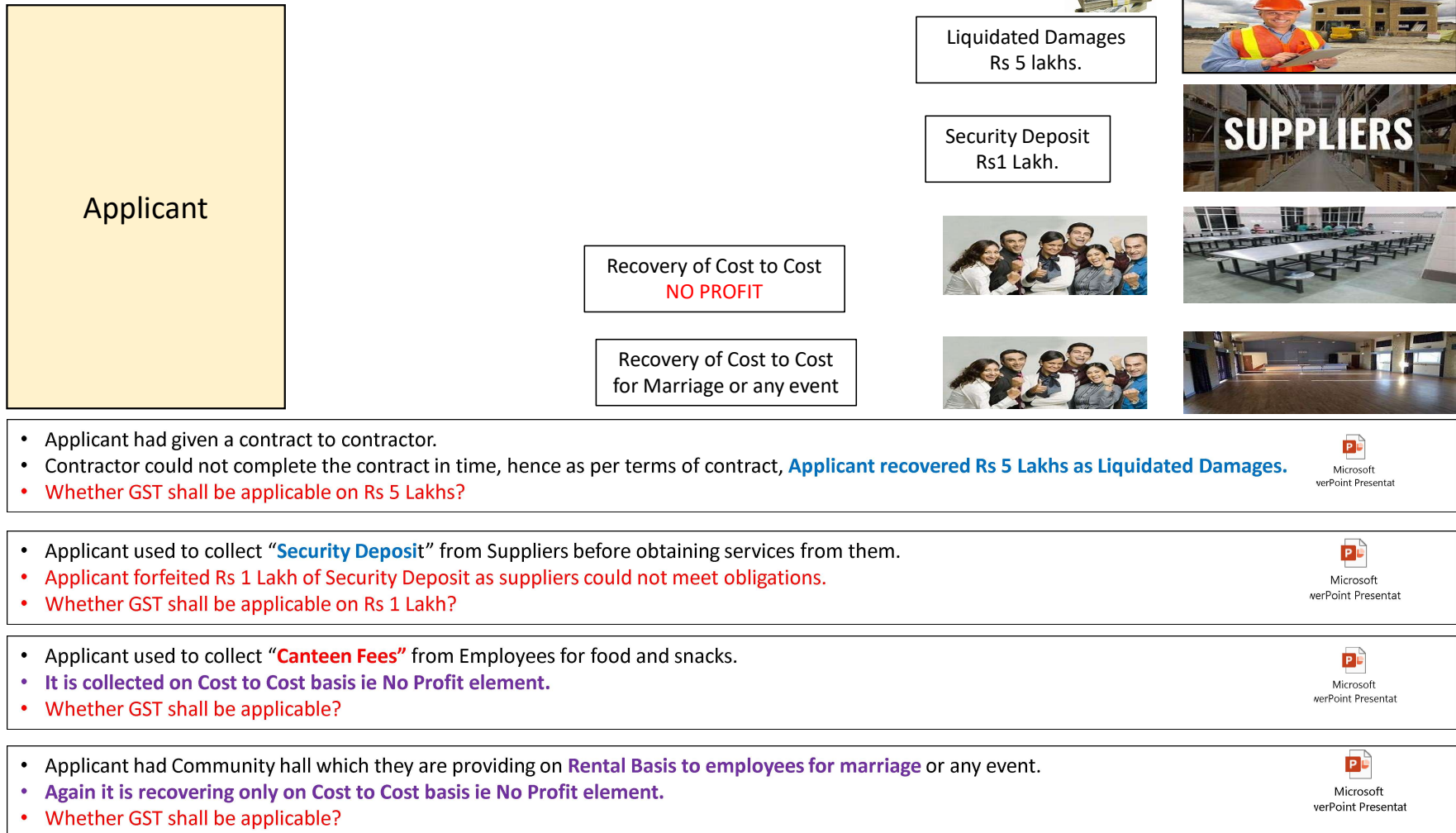
AMC
CONTRACTOR



AAR

- AAR held that GST Rate for Food, Soft Drinks and snacks **shall be 5%**. (Without availing Input Tax Credit on purchase).
- AAR held that Mall is collecting **GST @ 12% on sale of movie tickets**.
- Hence **GST paid for any expenses incurred in relation to movie shall be eligible credit**.
- Hence GST paid of Rs **3.6 Lakhs to movie distributor shall be eligible Input Tax Credit**.
- Similarly **GST paid of Rs 90K for Project Rental shall be eligible Input Tax Credit**.
- For ITC in relation to wash rooms and walls, AAR held that such **ITC are in relation to "WORKS CONTRACT SERVICES"**.
- Hence **ITC of Rs 1.8 Lakhs on AMC of Washroom and ITC of Rs 9 Lakhs on Walls shall be disallowed U/s 17(5) of CGST Act 2017 IF CAPITALISED**.
- If they are expensed **out in Profit and Loss Account than such Input Tax Credit shall be eligible**.

CASE STUDIES:



CASE STUDIES:



- Mr. A is registered in GST in state of **Maharashtra as well as Delhi.**
- It bought A.C. from supplier for both the states.
- Supplier supplied A.C. at Maharashtra State as well as Delhi State.
- However it raised an Invoice of Rs **1 Lakh + 28% GST on Maharashtra.**

Tax Invoice of
1L + 28% GST.



MAHARASHTRA

DELHI

Question:

Can Mr. A avail Input Tax Credit of GST paid of Rs 28,000 in state of Maharashtra?

If not, **Can it distribute Input Tax Credit to Delhi?**

Answer:

- Mr. A shall first avail entire Input Tax Credit in Maharashtra.
- In given case, **it cannot distribute such credit through Input Services Distributor.**
- ISD is applicable for **"RECEIPT OF SERVICES"**.
- In given case **GOODS ie Air Condition** is supplied. Hence Mr. A cannot distribute credit through ISD.

Answer:

- In given case, it shall be **"DEEMED"** that **Supplier has supplied both the A.C. to Maharashtra.**
- Hence it shall avail entire Input Tax Credit of Rs 28,000 in Maharashtra.
- Later it shall be **"DEEMED"** that **Maharashtra Branch has supplied A.C. to Delhi state** ie **Branch Transfer between Distinct Persons.**
- Maharashtra Branch shall be **required to charge, collect and pay GST** for such supply.



MAHARASHTRA



DELHI

Place of Supply of Services in relation to Immovable Property (Supplier or Recipient is outside India) – Section 13 (4) of IGST Act 2017.



Engineer (Mr. A) is registered in Maharashtra

Supplier (Mr. A) is providing engineering services in relation to Immovable Property to Mr. B of USA.

Mr. A raised an Invoice of Rs 50,000.



Immovable Property is in Delhi.



Recipient (Mr. B) of USA

- Mr B, Recipient of services is located outside India, hence case shall be governed by section 13 of IGST Act and not by section 12 (2).
- As per Sec 13 (4) of IGST Act 2017, **Place of Supply of Services in relation to Immovable Property shall be Location of Immovable Property.**
- Location of Supplier : Maharashtra.
- Location of Immovable Property: Delhi.
- Hence Mr. A shall charge **IGST of Delhi** to Mr B of USA.
- It is immaterial that recipient of services is located outside India.

CASE STUDIES:



- Pvt Ltd Co wants its employees to be fit and healthy.
- A Pvt Ltd company is providing various facilities to its employees.
- It pays membership fees for leisure of Rs 1 L + 18% GST for its employees.
- It has taken life insurance & health insurance for all its employees for Rs 5 L + 18% GST.



Question:

Whether Pvt Ltd Company can avail Input Tax Credit of Rs 18,000 for GST paid on membership fees of club?

Whether Pvt Ltd Company can avail Input Tax Credit of Rs 90,000 for GST paid on insurance of employees?

Answer:

As per Section 17(5)(b) of CGST Act 2017, Input Tax Credit is blocked for GST paid on Employees health and life insurance & membership fees of club.

CASE STUDIES:



- Mr. P (Seller) got order for goods of Rs 3 Lakhs + 12% GST on 5th May 2020.
- Buyer had paid Advances on 27th April 2020.
 - Mr. P (Seller) removed goods on 1st June 2020.
 - Mr. P (Seller) issued Invoice on 31st May 2020.

Order on 05th May 2020

Advances on 27th April 2020

Goods removed on 1st June
2020

Tax Invoice on 31st May 2020



Question:

- Mr. P is seeking clarity on Time of Supply.
- Also he wants to know by when he is required to make GST Payment?

Answer:

- As per Section 12(2) of CGST Act, Time of Supply of goods is earlier of following
 - a) Date of Removal of Goods
 - b) Date of Issuance of Tax Invoice

Hence Time of Supply shall be 31st May 2020.

Mr. P shall be liable to pay GST by 20th June 2020.

CASE STUDIES:



- Mrs. A supplied services on 30th May 2020 for 1 Lakh + 18% GST to Recipient.
- She issued Tax Invoice on 1st June 2020.
- She also received payment on 10th June 2020.



- Mrs. A supplied services on 30th May 2020 for 1 Lakh + 18% GST to Recipient.
- She issued Tax Invoice on 30th May 2020.
- She received payment on 10th June 2020.



Government changed GST Rate for such services to 12% from 1st June 2020.

Question:

- What GST Rate she should charge to Services provided to Sharukh Khan and Salman Khan Respectively?

Answer:

- Services are completed prior to change in rate of GST.
- For services supplied to Sharukh Khan, Supplier shall charge GST Rate of 12% as Tax Invoice and Payment both are after change in rate of GST.
- For services supplied to Salman Khan, Supplier shall charge GST Rate of 18% as Services Completion and Tax Invoice are both prior to change in Rate of GST.



- Walmart has given Rs 1,000 voucher to buyer.
- Buyer can buy any product from Walmart by using such voucher within a period of 1 year.



Question:

- What shall be Time of Supply for such Voucher?

Answer:

- Buyer can buy any product through this voucher.
- Product may be 5%, 12%, 18% or 28% or exempt as case may be.
- Hence Value of Supply of Voucher can not be determined at time of issuance of voucher.
- Hence Time of Supply shall be **Date of Redemption of Voucher.**

CASE STUDIES:



- Pvt Ltd Co. (Co. ABC) borrows loan of Rs 1 Crore from Bank of Baroda.
- LLP. (LLP. PQR) acts as a **guarantor** for Co. ABC.
- Bank of Baroda gave loan to Co. ABC since LLP. PQR has acted as **guarantor**.
- LLP PQR did not change any consideration for to Pvt Ltd Co as both are **Related Persons as per GST Law**.



Question:

- Is there any **Supply** of services in given example?
- If yes what shall be **Value of Supply** of such services?

Answer:

- LLP PQR has **supplied Guarantee Services** to Pvt Ltd Company.
- As per **Schedule I of CGST Act 2017**, Supply of services between related person shall be “Taxable Supply” even if there is no consideration.
- Hence Guarantee services provided by LLP shall be **Taxable Supply**.
- Since supplier and recipient are related, value of supply shall be governed by provisions of **Rule 28**.
- Hence GST shall be applicable on “**Market Value**” ie **SBI Rate** for providing Guarantee Services.
- Hence Guarantee Rate may be around 10 to 12% of Loan Amount.
- LLP PQR is required to pay **GST @ 18% on Rs 10 Lakhs (1Cr * 10%)**.

Question:

- ICICI Home finance is seeking advise regarding Input Tax Credit.



- ICICI home finance co has bought bus of Rs 1 Crore + 18 Lakh GST for transportation of its employee.
- **Approved Seating Capacity of Vehicle is 13.**



- ICICI home finance co has bought bus of Rs 1 Crore + 18 Lakh GST for transportation of its employee.
- **Approved Seating Capacity of Vehicle is 8 however 15 employees are travelling.**



- ICICI home finance co has bought bus of Rs 1 Crore + 18 Lakh GST for transportation of its employee.
- **Approved Seating Capacity of Vehicle is 18 however 9 employees are travelling.**



CASE STUDIES:



- Goods Transport Agency is providing “**Transportation Services**” to Pvt Ltd Co.
- Turnover of GTA is Rs 3 Lakhs, hence it is **un-registered in GST**.
- Turnover of Pvt Ltd Co is Rs 5 Lakhs, hence it is **un-registered in GST**.
- **GTA charges Rs 5,000** for transportation of goods provided to Pvt Ltd Co.



Question:

- GTA does not want to charge, collect and pay GST @ 12% since its turnover is too less.
- **Whether Pvt Ltd Co shall be required to pay GST under Reverse Charge Mechanism** or such transaction is Exempt?

Answer:

- GTA services provided to **Un-Registered Individuals or HUF** if “**Exempt**”.
- **Pvt Ltd Co is covered in 7 persons** liable to pay GST under Reverse Charge Mechanism.
- **Hence Pvt Ltd Co shall be required to get registered and pay GST** under Reverse Charge Mechanism on Rs 5,000.

- Factory registered under the Factories Act, 1948;
- A society registered under the Societies Registration Act, 1860 or under any other law.
- A co-operative society established under any law;
- A GST registered person (**Including person registered under Composition Scheme**).
- A body corporate established by or under any law; (**Whether Registered under GST or Not**).
- A partnership firm (including AOP) (**Whether Registered under GST or Not**).
- Casual taxable person.

CASE STUDIES ON GST

Question

Mr. A is Registered Supplier of Goods in state of Maharashtra.

In order to increase sales, he does an exhibition of his goods in state of delhi and sells goods in state of Delhi worth Rs 5 Lakh + 18% IGST.

Mr. A seeks your advise whether he has correctly paid IGST ?

Solution

- Mr. A is an Un-Registered Dealer in State of Delhi.
- Mr. A is required to get registered as “ **Casual Taxable Person**” in State of Delhi.
- Mr. A can get registered for minimum 1 day and maximum for 90 days.
- He can also extend his registration as Casual Taxable Person by further 90 days by permission of GST Commissioner.
- Mr. A is also required to pay Estimated GST Liability 5 days in advance.
- Mr. A shall charge CGST and SGST of Delhi State.



CASE STUDIES:



- Mr. Ratan Tata obtains Insurance of **Rs 1Crore for Factory Building and Plant & Machinery.**
- Insurance Premium paid for entire year is **Rs 3 Lakhs + 18% GST on 1st October 2019.**
- Such Insurance is obtained for purpose of business. **Hence Rs 54,000 shall be allowable Input Tax Credit.**



Question:

- Insurance Premium is paid for 1st October 2019 to 30th September 2020.
- Whether Mr. Tata can claim **Input Tax Credit of Rs 54,000 in entirety in FY 2019-20 or**
- **Is he required to claim proportionately in FY 2019-20 and FY 2020-21?**
- **Will 1st Proviso to Section 16(2) be applicable (Lots or Instalment)?**

Answer:

- 1st Proviso to section 16(2) is **applicable for GOODS** and **not for services**. Insurance is a service.
- Insurance Claim can be claimed **at any time if there is damage** to factory building or plant and machinery.
- **Insurance services begins as soon as you make payment of Insurance Premium.**
- **Hence it is immaterial that coverage of Insurance is for 1 year, 2 years or may be 5 years.**
- **Also, explanation to Section 13(2) of CGST Act, 2017 clarified that the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.**
- **Concept of Prepaid Expenses, Deferred Revenue are in Accounts and not in GST.**
- **Mr. Ratan Tata shall be eligible to claim Input Tax Credit of Rs 54,000 in entirety in GST Return of October 2019.**

CASE STUDIES:



Reg in Maharashtra

- Mr. P of Maharashtra gave services of “**Organizing an Event Services**” to Mr. B (**Reg in Maharashtra**).
- Event was conducted at Delhi State.
- Mr. P charged Rs **50 lakhs + 18% GST** for supply of services.



Mr. B (Reg in Maharashtra)

Supplier (Regd in
Maharashtra)

Recipient (Regd in
Maharashtra)

Services of Organising an
Event Services

In Delhi State

Question:

- Mr. P is seeking clarity on Place of Supply.
- Whether he should charge CGST & SGST or IGST?

Answer:

- As per Section 13 of IGST Act, Place of Supply of Service is following:
 - a) **Location of Recipient – If Recipient is Registered in GST.**
 - b) **Location of an Event – If Recipient is Un-Registered in GST.**
- In given case, Recipient of Services is Registered in GST Act in state of Maharashtra.
- Hence Place of Supply of Services shall be **Maharashtra**.
- It is immaterial that event is organized in Delhi.
- Mr. P must charge **CGST and SGST** to Mr. B

CASE STUDIES ON GST

Question

Mr. A purchased multiple products from D.Mart.

Product A – Rs 5,000 + 18% GST.

Product B – Rs 20,000 + 12% GST.

Product C – Rs 2,000 + 5% GST.

Product D- Rs 500 (Exempt under GST Law

Product E – Rs 1,000 + 28% GST.

D-Mart mentioned all products in Invoices separately and raised single tax invoice.

Whether such supply by D-Mart is Composite Supply or Mixed Supply?

Solution:

This is neither a composite supply or mixed supply.

It is supply of multiple products, all mentioned in tax invoices separately.

D-Mart is also recovering price and GST separately for each product.

Hence product wise respective GST Rate shall be applicable.



CASE STUDIES ON GST

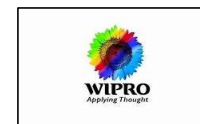
Wipro Ltd , (Registered in Bangalore) organized an annual conference of its employees working across India at a Uday resort in Udaipur (Rajasthan).

It hired M/s Red Events Ltd. (Registered in Maharashtra), Event Management Company for managing the event.

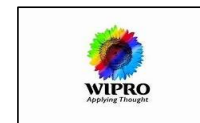
Wipro Ltd seeks your advise for following:



Accommodation Services to Wipro Ltd



Event Management Services to Wipro Ltd



Solution

- a) Uday Resort is supplying **services of accommodation** to Employees of Wipro Ltd. As per Section 12(3) of CGST Act 2017, Place of Supply shall be Location of Immovable Property. **Uday Resort shall charge CGST and SGST (Rajasthan) to Wipro Ltd.**
- b) M/s Red Events is supplying services of **Organizing an Event**. As per Section 12 (7) of CGST Act 2017, Place of Supply shall be
 - i) location of Registered Recipient if recipient is registered
 - ii) location where event is held if recipient is un-registered.

In given case, Since Wipro Ltd is registered in Bangalore, Place of Supply of Services of Organizing an event shall be Bangalore and **M/s Red Events Ltd has to charge IGST Bangalore**. It is immaterial that event is held in state of Rajasthan.



- Mr. Sultan is wrestler.
- A Cooker Supplier (Body Corporate) sponsored entire expenses of salman.
- In Return, Salman has to put logo and photo of cooker on wrestling clothes.
- Cooker Company incurred expenses of **Rs 10 Lakhs for sponsorship**.



Question:

- Mr. Salman wants to know who shall be liable to pay GST on Rs 10 Lakhs?

Answer:

- In given case, Body Corporate has provided sponsorship money to Salman.
- Salman is Non Body Corporate.
- Provider of Sponsorship Money is body corporate.
- Hence **Body Corporate shall be liable to pay GST under Reverse Charge Mechanism on Rs 10 Lakhs.**

CASE STUDIES:



Buyer of Mobile in
Maharashtra

- Mr. P (Buyer) bought mobile of **Rs 50K + 18% GST** through Amazon.
- Amazon directed Mr. A (Seller) to sell goods to Buyer.
- Mr. P (Buyer) paid entire Rs 59,000 (50,000 + 18% GST) to Amazon.
- Commission charged by Amazon is Rs **10,000 + 18% GST** from Mr. A (Seller).



Mr. A (Seller) (Reg in Delhi)

Question:

- How much GST revenue shall government earn through such transaction?

Answer:

- Amazon shall charge, collect & pay GST of Rs **1,800** ($10,000 \times 18\%$) on Commission Income.
- Mr. A (Seller) shall pay GST of Rs **7,200** ($9,000 - 1,800$) on Goods sold.
- Amazon shall also deduct TCS @ 1% on Rs 50,000 (Excluding GST Figure) ie Rs **500** and pay to government.
- Hence Total amount earned by government is Rs **9,500** ($1800 + 7,200 + 500$).

GST of 1800 on commission
income from amazon

GST of 7,200 on goods sold
by Mr. A to buyer.

TCS of Rs 500 deducted by
Amazon and paid to Govt.



CASE STUDIES:



- Mr. P wanted to travel to U.K for family visit.
- He hires U.K Tour operator for booking flights, hotels, travel etc in U.K.
- Agents books flight in name of Mr. P for Rs 25,000 + GST = Rs 30,000.
- Mr. P makes payment of **flight of Rs 30,000 to Air Travel Agent.**
- Agents books hotel room in UK for Mr. P for Rs 50,000.
- Mr. P makes payment of **Hotel Room of Rs 50,000 to Air Travel Agent.**
- Agents books travel facilities in UK for Mr. P for Rs 40,000.
- Mr. P makes payment of **travel facilities of Rs 40,000 to Air Travel Agent.**



- Agent charges **Commission of Rs 20,000 + GST = Rs 25,000** to Mr. P for providing such services.

Question:

- Mr. Pratik has paid Rs 1,45,000 to Agent.
- GST shall be applicable on Rs 1,45,000?

Flights – Rs 30,000

Hotel Room – Rs 50,000

Travel – Rs 40,000

Commission – Rs 25,000



- Mr. P wanted to travel to U.K for family visit.
- Mr. P paid Rs **1,50,000 directly to Agent** and asks him to book flights, hotels, travel etc in UK.
- Agent book hotel room, flights, tour etc for Mr. P.
- Agent does not disclose any information about such expenses or commission.
- **Agents Profit after meeting all booking expenses is Rs 30,000.**



Question:

Will Agent charge GST on Rs 1,50,000 or only his profit of Rs 30,000?

- In Case1, Mr. P is reimbursing amount of Hotel, Flights, Tour etc.
- Agent is just booking on behalf of Mr. P.
- Such expenses shall be **classified as Reimbursement as per Rule 33.**
- **GST shall be applicable only on Commission Income ie Rs 25,000.**

- In Case 2, Mr. P has paid Lumpsum amount to Agent.
- Agent is booking Hotel, Flights, Tour etc on his own.
- Such expenses **shall NOT** be classified as Reimbursement as per Rule 33.
- **GST shall be applicable on ENTIRE AMOUNT OF Rs 1,50,000.**

CASE STUDIES:



- State Bank of India has given loan of Rs 20 Lakhs to customer.
- Customer makes re-payment of Rs 20 Lakhs + **5 Lakhs as Interest.**



- A Customer had to recover Rs 10 Lakhs from Mr. B.
- He had invoice of Rs 10 Lakhs.
- He does bill discounting for Rs 9,80,000.
- In short bank deducted Rs **20,000 as discount.**



- Pvt Ltd (Co.A) gives loan of Rs 50 Lakhs to another Pvt Ltd Co (Co.B).
- Co. B makes re-payment of Rs 50 Lakhs + 8 Lakhs as Interest.



- Customer buys goods or services of Rs **10 Lakhs** through Credit Card.
- It is indirectly said as Loan extended by Credit Card Companies.
- Credit Card charges **Rs 1 Lakh as Interest to Customer.**



Question:

Will GST be applicable on **Interest Income and Discount?**

Answer:

- As per Notification no 12/2017, Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount is **EXEMPT in GST.**
- However such exemption is not applicable for "**CREDIT CARD SERVICES**".
- Hence GST shall be applicable on **Interest of Rs 1 lakh** charged by Credit Card Companies.

Place of Supply for Transportation of Passenger Services – Section 12 (9) of IGST Act 2017.

Question.

- Air Asia raises an invoice in name of Mr. B (URD in Maharashtra) for services in relation to transportation of passengers.
- Mr. B embarks journey from Kerela and completes journey at Delhi.
- What shall be Place of Supply for transportation of passenger services provided to Mr. B?



Air Asia
registered in Maharashtra

Neeta Bus raised Tax Invoice of Rs 50,000 + GST on Mr. B.



Recipient (Mr B)
URD in Maharashtra



Embarks from Kerela



Passenger embarks from Kerela and complets journey at Delhi.



Journey ends at Delhi.

Conclusion:

- Since Recipient is URD, Place of Supply shall be Location where Mr. B embarks his journey.
- Mr. B embarks his journey from Kerela.
- Hence Air Asia shall charge IGST of Kerela to Mr. B.