

## MCQs on Zero-Rated Supply under GST

### 1. What does "Zero-rated supply" under GST include?

- (A) Supply of exempt goods only
- (B) Export of goods/services and supply to SEZ units/developers
- (C) Supply of nil-rated goods
- (D) Domestic supply of goods within India

**Answer - B**

### 2. Can Input Tax Credit (ITC) be availed for zero-rated supplies?

- (A) No, ITC is blocked
- (B) Yes, ITC is available
- (C) Only partially available
- (D) Only for capital goods

**Answer - B**

### 3. What happens if export proceeds are not realized within FEMA timelines?

- (A) No action required
- (B) Refund must be repaid with interest
- (C) ITC is reversed automatically
- (D) Export is treated as deemed domestic supply

**Answer - B**

### 4. Which supplies are not eligible for refund of ITC under zero-rated supply?

- (A) Supplies to SEZ
- (B) Export of services
- (C) Export of goods subjected to export duty
- (D) Merchant exports

**Answer - C**

### 5. "Export of goods" under IGST Act means:

- (A) Supplying goods to SEZ
- (B) Taking goods out of India to a place outside India
- (C) Supplying goods within India at 0% GST
- (D) Supplying goods without payment of tax

**Answer - B**

**6. Which of the following is not a condition for export of services?**

- (A) Supplier located in India
- (B) Recipient located outside India
- (C) Payment received in convertible foreign exchange/INR permitted by RBI
- (D) Supplier and recipient are related parties

**Answer - D**

**7. Import of services under IGST Act requires:**

- (A) Supplier outside India, recipient in India, place of supply in India
- (B) Supplier in India, recipient outside India
- (C) Supplier and recipient both outside India
- (D) Supplier outside India, recipient outside India

**Answer - A**

**8. Place of supply for goods exported from India is:**

- (A) Location of supplier
- (B) Location outside India
- (C) Location of recipient in India
- (D) Customs frontier

**Answer - B**

**9. Difference between exempt, nil-rated, and zero-rated supplies lies mainly in:**

- (A) Tax rate only
- (B) ITC availability
- (C) Place of supply
- (D) Type of goods

**Answer - B**

**10. Supplies to SEZ units are treated as:**

- (A) Domestic supply
- (B) Inter-state supply
- (C) Intra-state supply
- (D) Exempt supply

**Answer - B**

**11. Refund of zero-rated supplies can be claimed by:**

- (A) Paying IGST and claiming refund
- (B) Exporting under LUT/Bond and claiming ITC refund
- (C) Both (A) and (B)
- (D) None of the above

**Answer - C**

**12. Provisional refund percentage allowed to exporters is:**

- (A) 50%
- (B) 75%
- (C) 90%
- (D) 100%

**Answer - C**

**13. Under Rule 89(4), refund formula excludes ITC on:**

- (A) Inputs
- (B) Input services
- (C) Capital goods
- (D) All goods

**Answer - C**

**14. Supplies from SEZ to Domestic Tariff Area (DTA) are treated as:**

- (A) Exports
- (B) Imports
- (C) Exempt supplies
- (D) Nil-rated supplies

**Answer - B**

**15. Which recent update (Oct 2025) streamlined refunds for exporters?**

- (A) Mandatory ITC reversal
- (B) Simplified GST slabs
- (C) Risk-based provisional refund automation
- (D) SEZ endorsement requirement

**Answer - C**