



V'Smart Academy

CA - Final Goods & Service Tax (GST)

Topic- Levy of GST & Supply

MCQ's

Q1:- What kind of tax can be transferred from one person to another?

- (a) Direct tax
- (b) Indirect tax
- (c) Both of the above
- (d) None of the above

Q2:- What are the taxes levied on an intra-state supply?

- (a) CGST
- (b) SGST
- (c) CGST & SGST
- (d) IGST

Q3:- Who will notify the rate of tax to be levied under CGST?

- (a) Central government suo moto
- (b) State government suo moto
- (c) GST council suo moto
- (d) Central government as per recommendations of the GST council

Q4. As per section 9, which of the following would attract levy of CGST?

- (a) Inter-state supplies
- (b) Intra-state supplies
- (c) Any of the above
- (d) None of the above

Q5. GST is levied on which of the following?

- (a) Sale of goods
- (b) Manufacture of goods
- (c) Provision of services
- (d) Supply of goods/ services

Q6. Which of the taxes are out of purview of GST?

- (a) Property tax & stamp duty
- (b) Additional duties of Custom (CVD & SAD)
- (c) Excise duty on Alcohol
- (d) Entertainment tax
- (e) Only (a) & (c)

Q7. What kind of tax is GST called as..?

- (a) Consumption based tax
- (b) Movement based tax
- (c) Destination based tax
- (d) None of the above

Q8. What are different types of supplies covered under the scope of Supply?

- (a) Supplies made with consideration
- (b) Supplies made without consideration
- (c) Both of the above
- (d) None of the above

- Q9. What are the factors differentiating Composite Supply & Mixed Supply?
- (a) Nature of bundling i.e. artificial or natural
 - (b) Existence of Principal Supply
 - (c) Both of the above
 - (d) None of the above
- Q10. What are the supplies on which reverse charge mechanism would apply?
- (a) Notified categories of goods or services or both
 - (b) Inward supply of goods or services or both from an unregistered dealer
 - (c) Both of the above
 - (d) None of the above
- Q11. Which of the following taxes will be levied on Imports?
- (a) CGST
 - (b) SGST
 - (c) IGST
 - (d) Exempt
- Q12. What is an inter-state supply?
- (a) a State and a Union territory
 - (b) two different states
 - (c) two different Union territories
 - (d) All of these

Applicability of CGST & IGST

- Q1. Explain the applicability of CGST & IGST Act? Whether the act also extends to the state of Jammu & Kashmir?
- Q2. Define India?
- Q3. With reference to the provision of Goods & Service Tax Act, examine whether GST is leviable in the following situations:
- (i) Services provided in a vessel stationed at a distance of 10 nautical miles from the Indian land mass.
 - (ii) Services provided in a vessel stationed at a distance of 54 nautical miles from Indian land mass in Exclusive Economic Zone (EEZ) of India for carrying out fishing operations.
- Q4. Nitin Ltd. provided services to Jagat Oil Corporation from vessels located in the continental shelf of India for the purposes of prospecting natural gas, State briefly whether goods & service tax will be levied in this case.
- Q5. State briefly whether the following services are taxable under the Goods & Service tax act, 2017,
- (i) Services provided in the State of Rajasthan by a person having a place of business in the State of Jammu and Kashmir.
 - (ii) Services provided from India for use outside India.
 - (iii) Service provided from outside India and received in India by an individual, otherwise than from purpose of use in business or commerce.
 - (iv) Services provided to an Export oriented unit.
- Q6. Define Taxable territory & Non-taxable Territory?
- Q7. What is the applicable rate of Goods & Service Tax?

Levy of CGST & IGST

- Q8. Mention the commodities kept outside the purview of GST?
- Q9. India wines has registered place of business in Pune, it is engaged in sale of wine & beer from its outlet to various dealers across Pune. Whether GST is applicable on such supply?
- Q10. What is a taxable event under GST?
- Q11. What do you mean by Intra State & Inter State supply?
- Q12. How is the levy of GST rate for a supply determined?
- Q13. Mr R a businessman located in Mumbai (Maharashtra) procures goods from a trader located in Sangli (Maharashtra). Determine the nature of supply & GST applicable on such supply?
- Q14. Mr Q a businessman located in Mumbai (Maharashtra) procures goods from a trader located in Surat (Gujarat). Determine the nature of supply & GST applicable on such supply?
- Q15. Are exports and supplies to SEZ units/Developers out of the ambit of GST?

Supply

- Q15. When does a particular activity attract GST? Explain the scope?
- Q16. Mention the necessary elements that shall constitute supply under CGST Act?
- Q17. State the types of supplies under the GST law?
- Q18. Differentiate between a taxable supply & non-taxable supply under GST?
- Q19. What is the difference in between 'Nil rated', 'taxable at 0%' supply of goods and services?
- Q20. Discuss whether the following activities constitute 'Supply' in accordance with section 7 of CGST Act
- (i) Mr. Raj sold electronic gadgets to XYZ Co.
 - (ii) Arya pvt. ltd. entered into a hire purchase agreement with AB pvt. ltd. for supply of a machine unit.
 - (iii) Asha purchase an LED TV of 24 inch from Sony electronics store and in return gave away her old TV.
 - (iv) VB associates a CA firm appointed Mr. Urja as an interior decorator to design it's office outlet in exchange for such service, VB associates rendered tax compliance services to Mr. Urja.
 - (v) M/s Bharat electronics disposed scrap part of electric unit to a scrap dealer.
- Q21. Define the following terms
- i) Person
 - ii) Supplier
 - iii) Recipient
- Q22. If Mr A pays consideration to Mr Yash and Mr Yash performs surgical operations on Mr R, determine the supplier & recipient for the given case in accordance with GST law?
- Q23. BTR Association, an unincorporated body of individuals, provided warehousing services to Mr. Raman for ₹ 7, 50,000. BTR Association is of the view that since it is not a natural person, warehousing service provided by it will not be a 'service' in terms of section 2(102) of CGST act, Examine whether the view taken by BTR Association is valid in law.
- Q24. Explain the term of 'Deemed Distinct Person'
- Q25. Smart pvt ltd has head office located in Bangalore (Karnataka). However, the branch of Smart pvt ltd is located in state of Gujarat. Will they fall under the ambit of deemed distinct person under GST Act?
- Q26. Shreya ltd is having an establishment in Goa. It has another establishment in the Union Territory of Chandigarh. Will they be treated as establishments of distinct persons under GST Act?

Business

Q27. Define the term 'Business' under CGST Act.

Q28. Ms Shreya buys a Mobile for her personal use and after a year sells it to a Mobile dealer. Will it constitute 'supply' & is GST leviable on such supply?

Q29. Briefly examine whether the following activities are liable to GST as per the provisions of Goods & Service tax act

- (a) Mr. Aditya, a singer performs in a bus where passengers drop some coins in his bowl kept, either after feeling rejoiced or out of compassion.
- (b) Mr. Ramu during long drive with his wife Sanju violated traffic rules and was imposed fine of ₹ 1,000.
- (c) Would your answer be different in (a) if Mr. Aditya is called upon Mumbai to perform in an award show for ₹ 50,000.

Q30. Determine whether the following activities fall under the scope of business?

- i) M/s X pvt ltd is engaged in the manufacture of auto parts for industrial purposes
- ii) M/s ABC Ltd acquired capital goods lying in stock of M/s S Ltd as on takeover of business of M/s S Ltd.
- iii) ETA Star adventure club provides a free trekking camp to non-members of the club
- iv) Adlabs Imagica charges ₹ 1500 as an entry fee into the park to its customers

Goods & Services

Q31. Define the following term as in accordance with GST

- i) Goods
- ii) Services
- iii) Money

Transaction in Money

Q32. State whether the following activities will be considered as a supply of service in relation to 'Money' in accordance with GST Act

- i) Mr A borrows an amount of Rs 1, 50,000 from one of his relative Mr Q and agrees to repay the entire amount after a year
- ii) Miss Usha deposited Rs 75000 in her fixed deposit account at IDBI Bank as on 12.07.2017
- iii) M/s Raj enterprises applied for loan from SBI Bank against which a processing fees and interest is charged by the bank
- iv) Miss Pooja held ₹ 5000 currency with her consisting of 10 old notes of value of ₹ 500 (been demonetized)
- v) Mr H exchanged INR against purchase of US \$ for which a commission was charged

Actionable claim

Q33. CBC Ltd, an NBFC transfers a secured debt to Sam pvt ltd. Does it qualify as supply?

Q34. . Vijaya ltd, an NBFC transfers bad loans to BVJ pvt ltd. Does it qualify as supply?

Works Contract

Q35. Define the term 'Works Contract'

Q36. Aspire Ltd enters into contract with Beta Ltd for execution of works contract for ₹ 50,00,000 excluding taxes for following activities pertaining to construction of a complex. Determine whether the following activities fall under the ambit of 'works contract'

- i) Erection & installation of structural designs to the complex which involved material.
- ii) Fabrication works relating to the structure of complex no material is involved.
- iii) Assembling of units pertaining to movable property which involved material and goods.
- iv) Tiling & painting work of the entire building which involved material.

Made or Agreed to be Made

Q37. Vasavi Pvt. Ltd. in Calcutta receives advance of ₹ 10,000 (excluding tax) from Pioneer Electronics in Calcutta for an order of 2 Software. On this advance of ₹ 10,000, Vasavi Pvt. Ltd. should charge tax @ 18%, whether advance is liable to GST?

Consideration

Q38. Explain the term consideration?

Q39. Determine whether the following terms fall under the ambit of 'Consideration'

- i) M/s XYZ an Automobile company provides free car wash services for customers purchasing auto parts and also repair work from M/s XYZ co
- ii) Reliance JIO offers free mobile handset on payment of security deposit worth Rs 1500/- which is fully refundable.
- iii) Isha a customer purchases a gold necklace weighing 275 gms from PN gadgil jewel showroom in exchange sells her old gold articles weighing 200 gms and pays differential amount in cash.
- iv) RC cricket association Chennai, gifts a motor bike to Rahul as inducement to join their cricket club.
- v) XYZ Ltd is manufacturing fertilizers used for agriculture purpose. State govt. has given 30% subsidy on sale of such fertilizer.
- vi) ABC and Co. a trading concern , has supplied the product X to Mr. Y at subsidize rate of ₹ 30,000 (Open market value of such goods is ₹ 45,000). The supplier of ABC and Co. has given the subsidy to it to compensate for the price difference.

Q40. Venus music world charged a late fee as a penalty for late return of a DVD compact disc to its customer. Will the late fee charged to its customer be considered as a part of consideration?

Q41. Will GST be applicable on any interest charged for payment after the credit period?

Q42. XYZ is a manufacturing company of fertilizers receives a subsidy in monetary terms from the Central Government pertaining to manufacture of units of fertilizers in order to maintain the prices on lower range. Examine whether such subsidy shall be included in the consideration?

Schedule I

Q43. Whether supply of goods or services without consideration is liable to tax?

Q44. Whether transfer of goods to another branch located outside the State is taxable?

Q45. Whether gifts given by employer to employee will also qualify as supply?

Q46. Whether Salary by partnership firm to Partners as per Income Tax Act liable to GST?

Q47. Employer provides bus service, meal coupon, telephone at residence, gives vehicle for official and personal use, uniform and shoes, any GST?

Q48. Shreya a student of engineering plans to pursue her higher education in US. He receives career consultancy services from a US based consultant for ₹ 2, 50,000. Does it qualify as a supply?

Q49. VB associates & Co a CA firm donated old laptops to charitable schools on account of renovation of office. The firm had taken input tax credit on the laptops so donated. Does it qualify as a supply?

Q50. VS Ltd. Provides tax consultancy services without any consideration to SK Ltd in which VS Ltd holds 30% shares. The said consultancy has been provided for the benefit of entire group. Does it qualify as a supply?

Q51. Daksh gold pvt ltd. On occasion of Diwali distributes gift hamper to its employee worth ₹ 3, 00,000. Does it qualify as supply? Would your answer be different if gifts of ₹ 42,000 have been given to employee?

Q52. Disha Automobiles pvt ltd. Engages AS motors ltd , as an agent to sell cars on its behalf. For the purpose, Disha Automobiles pvt ltd has supplied 150 cars to the showroom of AS motors ltd. Located in Gujarat. Does it qualify as supply?

Schedule II

Q53. Is it important to distinguish between supply of goods and services?

Q54. Mr S is the owner of a truck valued at ₹ 7, 00,000/- , He transfers the right to operate the truck to Mr Y for a consideration but the ownership of the truck is not transferred. Determine whether it will be considered as a supply?

Q55. Discuss in accordance with the provisions of GST law whether the following activities shall be considered as 'Supply' as in accordance with Schedule II of CGST Act?

Q56. Mr Raju & Mr Aditya are running a partnership firm and having goods S & T in stock. Mr Raju & Mr Aditya decide to dissolve the partnership and the goods S & T are taken over by Mr Raju & Mr Aditya respectively. The business is not continued further. Whether such takeover of stock be considered as supply?

- i) Mr Suraj enters into a contract with Mr Vishal to rent out his property for commercial purpose
- ii) M/s Swadh enterprises provides catering services on occasions such as party, seminars, conference etc..
- iii) M/s XYZ pvt ltd transferred stock of raw materials from its unit in Pune to one of its branch located in Nagpur
- iv) Mr X provided transportation facility for a deceased person in relation to performance of funeral rights
- v) M/s Nirmitee developers undertakes a contract of fabrication works in office of a complex building
- vi) M/s K.V. a builder has agreed to sell flat in a complex to buyer and received the consideration before completion. Will your answer change if entire consideration is received after completion or first occupancy?

- Q57. Discuss in accordance with the provisions of GST law whether the following activities shall be considered as 'Supply' as in accordance with Schedule II of CGST Act?
- M/s V.B. Enterprises running a Electronic Shop used some television help of business at his home from temporary period of 10 days.
 - Mr. A a Jobworker has done a polishing work on furniture supplied by Nirmitee Ltd.
 - V'Smart has received copyrights for temporary transfer IPR. Would your answer differ if it would be a permanent transfer of IPR?
 - Designing, development of programming of software. Would your answer differ in following cases.
 - Sell of prepacked software
 - License to used prepacked software

Q. 58. Whether goods supplied on hire purchase basis will be treated as supply of goods or supply of services? Give reason

Free Supplies

Q59. Digi World has an exclusive showroom of electronic products. It purchases 44 inch 20 inch LED TV from their distributor. The following are the details of inward supplies:-

Description	QTY	Rate	Amount (₹)	GST (₹)
44 inch LED TV	15 No's	45000	675000	121500
20 inch LED TV	15 No's	5000	75000	13500
Total			750000	135000

Digi World announces festival offers. One such offer is, Buy 44 inch LED TV and get 20 inch LED TV free. How will the free supplies be treated in GST?

Schedule III

Q.60 Enumerate the activities or transactions which shall be treated neither as a supply of goods nor a supply of services. (RTP Nov.17)

- Q61. Mr Akash is working as research assistant in XYZ pvt Ltd, he derives a salary of ₹ 32000 pm in return for services rendered by him and also perquisites are received by him. Determine the tax implications as per GST?
- Q62. Determine whether the following activities fall under the purview of supply as per section 7 of CGST Act, 2017:-
- Mr Raj hires an ambulance for transport facility of a deceased person for performing funeral rituals
 - Mr S enters into an agreement for sale of land to Mr R for a consideration
 - Mr Raj a chairman of XYZ co sold his car which was used for personal purposes to a dealer on which no input tax credit was availed
 - M/s ABC developers sold fully furnished building to Mr Sagar for a valuable consideration

Import of services

- Q63. Discuss the taxability of import of services under GST.(RTP Nov.17)
- Q64. Miss Shreya hires an architect from Singapore for designing a structure layout for his Bungalow to be constructed at Bombay and consideration is paid in foreign currency. Determine the tax implication under GST? Does it constitute a supply?
- Q65. Mr Q receives a consultancy service for his business proposal from a consultant located at New York and pays the consideration in foreign currency. Determine the tax implication under GST? Does it constitute a supply?

Composite & Mixed Supply

Q63. Define the following terms as in accordance with GST Act:-

- i) Composite supply
- ii) Mixed supply

Q64. What are the guiding principles to determine a 'Composite supply' & 'mixed supply'?

Q65. Mr X buys a Refrigerator and he also gets warranty and maintenance contract with the Refrigerator. Examine the whether it shall be a composite supply or a mixed supply as per GST law?

Questioner (CA-FINAL) – COMPOSITION SCHEME

MCQ

- Q1. Which of the following persons can opt for composition scheme?
- (a) Person making any supply of goods which are not leviable to tax under this Act;
 - (b) Person making any inter-State outward supplies of goods;
 - (c) Person effecting supply of goods through an e-commerce operator liable to collect tax at source
 - (d) None of the above
- Q2. What is the threshold limit of turnover in the preceding financial year for opting to pay tax under composition scheme?
(ICAI – Study material)
- (a) ₹ 20 lacs
 - (b) ₹ 10 lacs
 - (c) ₹ 1 Cr
 - (d) None of the above
- Q3. What is the rate applicable under CGST to a registered person being a manufacturer opting to pay taxes under composition scheme?
- (a) 2.5%
 - (b) 1%
 - (c) 0%
 - (d) No composition for manufacturer
- Q4. What is the rate applicable under CGST to a registered person being a hotelier (providing accommodation also) opting to pay taxes under composition scheme?
- (a) 1%
 - (b) 0.5%
 - (c) 2.5%
 - (d) Not eligible for composition scheme thus liable to pay normal tax
- Q5. Mr. Richard, a trader in Delhi has opted for composition scheme of taxation under GST.
Determine the % of total GST payable by him under composition scheme:
- (a) 0.5% CGST & 0.5% SGST
 - (b) 2.5% CGST & 2.5% UTGST
 - (c) 5% IGST
 - (d) 5% UTGST
- Q6. Can a registered person opt for composition scheme only for one out of his 3 business verticals having same Permanent Account Number?
- (a) Yes
 - (b) No
 - (c) Yes, subject to prior approval of the Central Government
 - (d) Yes, subject to prior approval of the concerned State Government
- Q7. Can Composition scheme be availed if the registered person effects interstate supplies?
- (a) Yes
 - (b) No
 - (c) Yes, subject to prior approval of the Central Government
 - (d) Yes, subject to prior approval of the concerned State Government
- Q8. Can a registered person under Composition Scheme claim input tax credit?
- (a) Yes
 - (b) No
 - (c) Input tax credit on inward supply of goods only can be claimed
 - (d) Input tax credit on inward supply of services only can be claimed

- Q9. Can a registered person opting for composition scheme collect tax on his outward supplies?
- Yes
 - No
 - Yes, if the amount of tax is prominently indicated in the invoice issued by him
 - Yes, only on such goods as may be notified by the Central Government
- Q10. Which of the following will be excluded from the computation of 'aggregate turnover'? (ICAI – Study material)
- Value of Taxable supplies
 - Value of Exempt Supplies
 - Non-taxable supplies
 - Value of inward supplies on which tax is paid on reverse charge basis
- Q11. What will happen if the turnover of a registered person opting to pay taxes under composition scheme during the year 2017-18 crosses ₹ 1 Cr ?
- He can continue under composition scheme till the end of the financial year
 - He will be liable to pay tax at normal rates of GST on the entire turnover for the financial year 2017 -2018
 - He will cease to remain under the composition scheme with immediate effect
 - He will cease to remain under the composition scheme from the quarter following the quarter in which the aggregate turnover exceeds ₹ 50 lacs.

Theoretical Questions : CBEC

- Q1. What is composition levy under GST?
- Q2. Who are the persons not eligible for composition scheme?
- Q3. A person availing composition scheme during a financial year crosses the turnover of ₹ 1 Cr/75 lakhs during the course of the year i.e. say he crosses the turnover of ₹ 1 Cr/75 lakhs in December? Will he be allowed to pay tax under composition scheme for the remainder of the year i.e. till 31st March?
- Q4. How will the aggregate turnover be computed for the purpose of composition?
- Q5. In accordance with provisions of GST Act, Give answers to the following pertaining to composition scheme:-
- Can a person making application for fresh registration under GST opt for composition levy at the time of making application for registration?
 - Can the option to pay tax under composition levy be exercised at any time of the year?
 - Can a person, who has already obtained registration, opt for payment under composition levy? If so, how?
 - In case a person has registration in multiple states? Can he opt for payment of tax under composition levy only in one state and not in other state?
- Q6. What is the period of validity for composition levy?
- Q7. Can a person paying tax under composition levy, withdraw voluntarily from the scheme? If so, how?
- Q8. Explain the following in accordance with the provisions of GST Act pertaining to composition scheme:-
- Can a registered person, who purchases goods from a taxable person paying tax under the composition scheme, avail credit of tax paid on purchases made from the composition dealer?
 - Can a person paying tax under the composition scheme issue a tax invoice under GST?
 - Are monthly returns required to be filed by the person opting to pay tax under the composition scheme?
 - Can a person who has opted to pay tax under the composition scheme avail Input Tax Credit on his inward supplies?
- Q9. In case the option to pay tax under composition levy is denied by the proper officer, can the person avail ITC on stock after denial?

- Q10. In accordance with provisions of GST Act, Give answers to the following pertaining to composition scheme:-
- (i) Will withdrawal intimation in any one place be applicable to all places of business?
 - (ii) Can supplier of Services opt for composition levy?
 - (iii) What are the penal consequences if a person opts for the composition scheme in violation of the conditions?
 - (iv) Can a person paying tax under composition scheme make supplies of goods to SEZ?

ICAI

- Q11. What is the threshold for opting to pay tax under the composition scheme?
- Q12. What are the rates of tax applicable to a registered person under composition scheme?
- Q13. How to compute 'aggregate turnover' to determine eligibility for composition scheme?
- Q14. In accordance with the provisions of GST Act, Give answers to the following pertaining to composition scheme:-
- (i) Whether the composition scheme will be optional or compulsory?
 - (ii) A taxable person having same PAN can opt to pay tax under composition scheme by seeking separate registration for branches?
 - (iii) Will a taxable person be eligible to opt for composition scheme only for one out of 3 business verticals?
 - (iv) Can composition scheme be availed if the taxable person effects inter-State supplies?
 - (v) Can composition tax be collected from customers?
- Q15. What does a person having the same PAN mean?

ICAI - Study Material

Case study

- Q16. A dealer 'X' has two offices in Delhi. How to determine whether 'X' is eligible to avail benefit of the composition scheme, as turnover of both the offices for the financial year is ₹ 36 lac and 42 lacs respectively.
- Q17. ABC Industries, a manufacturer in Mumbai, is engaged in supply of goods in Mumbai as well as Chennai (i.e. inter-State supply of goods). Determine whether the ABC industries is eligible for composition scheme?
- Q18. Mr Ravi who had availed composition scheme during a financial year crosses the turnover of ₹ 1 Cr on 9th of December. Examine the tax implications as in accordance with GST Act.
- Q19. A person availing composition scheme in Haryana during a financial year crosses the turnover of ₹ 1 Cr during the course of the year i.e. he crosses the turnover of ₹ 1 cr in December? Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March?
- Q20. Determine whether the supplier in the following cases are eligible for composition levy provided their turnover in preceding year does not exceed ₹ 1 Cr:
- (i) Mohan is engaged in providing legal services in Rajasthan and is registered in the same State.
 - (ii) Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighboring States.
- Q21. Mohan Enterprises has two registered business verticals in Delhi. Its aggregate turnover for the preceding year for both the business verticals was ₹ 90 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?

Practical Question

- Q22. XYZ Ltd is a manufacturing company located in Bangalore. During the financial year 2016-17 total value of supplies including inward supplies taxed under reverse charge basis are ₹ 1,50,00,000. The breakup of supplies is as follows:-

- i) Intra state supplies of goods chargeable to Nil rate of GST - ₹ 30,00,000
 - ii) Intra state supplies made under forward charge - ₹ 75,00,000
 - iii) Intra state supplies of goods exempted under section 11 of CGST act - ₹ 40,00,000
 - iv) Inward supplies of goods on which tax is payable under RCM - ₹ 5,00,000
- Explain whether XYZ is eligible to opt for Composition scheme in Financial year 2017-18.

- Q23. Taxpayer 'A' is a manufacturer having one unit – A1 in UP and another unit – A2 in MP. Total turnover of two units in last FY was ₹ 55 lakh (₹ 25 lakh + ₹ 30 lakh). Total turnover of two units in the second quarter of this financial year was ₹ 15 lakh (₹ 5 lakh + ₹ 10 lakh).
- Q24. Laksh Ltd is a manufacturing company located in Karnataka, has been registered under composition scheme furnishes the following information for the financial year 2017-18. It requires you to determine its composition tax liability and total tax liability. In financial year 2016-17 total value of supplies including inward supplies taxed under reverse charge basis are ₹ 82,00,000. The breakup of supplies is as follows –
- i) Intra state supplies of auto spares 'V' units chargeable to 12% GST - ₹ 24,00,000
 - ii) Intra state supplies of auto spares 'X' units chargeable to 5% GST - ₹ 36,00,000
 - iii) Inward supplies on which tax payable under RCM (GST Rate 12%) - ₹ 6,40,000
 - iv) Intra state supplies wholly exempt under section 11 of CGST Act - ₹ 15,60,000

Misc – Case study

- Q25. Mr. Amar is running a consulting firm and also a readymade garment showroom which are registered under same PAN. Turnover of the showroom is ₹.55 lakh and Receipt of the consultancy firm is ₹.15 Lakh in the preceding financial year.
- a) Whether Mr. Amar is eligible for Composition Scheme? Whether there is any difference if Mr. Amar wants to opt for composition only for Showroom?
 - b) If instead of consulting agency Mr. Amar is running a Restaurant, whether he is eligible for composition?
 - c) If the turnover of garment showroom is ₹ 1.5 Cr in the preceding financial year and there is no consulting firm whether he is eligible for Composition?
- Q26. Miss Minal is a trading company engaged in supply of ice cream, during the financial year 2017-18 her total value of supplies was ₹ 78,40,000 of which value of inward supplies of goods chargeable under RCM was ₹ 5,40,000 . Determine whether Miss Minal is eligible to apply for composition scheme and also compute the tax liability?
- Q27. Mr. Sam has registered in Rajasthan, who is selling goods from Rajasthan to Gujarat. Turnover of Mr. Sam is ₹ 85 Lakh in the preceding financial year. Whether Mr. Sam is eligible for Composition?
- Whether your answer will change if Mr. Sam is making purchase from Gujarat and selling goods in Rajasthan?
- Q28. Mr Chandan has a manufacturing unit of pan masala located at Maharashtra, during the financial year 2017-18 total value of supplies was ₹ 54,60,000. Determine whether Mr Chandan is eligible to apply for composition scheme and also compute the tax liability?
- Q29. Mr Ravi registered under VAT purchased goods from Mr. Kunal an unregistered dealer under VAT. As on appointed day goods purchased from Mr.B is in stock of Mr. A. Mr. A wants to opt for composition Scheme. Whether Mr. A is eligible for Composition?
- Whether your answer will change if the above goods are purchased by Mr. A in the course of interstate trade?
- Q30. Mr.Rajesh has obtained a registration of casual taxable person to make a display in exhibition. His turnover from the exhibition is 15 lakh. Whether Mr. Rajesh is eligible for Composition?
- Q31. Mr. A is non-resident taxable person is running a readymade garment showroom in the Rajasthan. Turnover for the preceding financial year is ₹ 70 Lakh. Whether he is eligible to opt for composition scheme?
- Q32. Determination of eligibility to opt for composition scheme under GST for the following category of person:

Particulars	Nature of Supply	Location of Business	Aggregate turnover	Eligibility & GST liability
Asha enterprises a trading of electric gadgets & spare units	Intra state	Mumbai (MH)	- 75,00,000 (PY) - 67,00,000 (CY)	
Mr Yash is a manufacturer of steel	Intra state	Bangalore (KA)	- 94,50,000 (PY) - 82,00,000 (CY)	
SB associates is practicing CA firm	Intra state	Hyderabad (AP)	- 85,00,000 (PY) - 63,00,000 (CY)	
Mr A is the owner of Swad hotel and also engaged into catering business	Intra state	Nashik (MH) Pune (MH)	- 31,20,000 (PY) - 35,80,000 (CY) - 35,00,000 (PY) - 46,75,000 (CY)	
AK Ltd is engaged in manufacturing of tobacco products	Intra state	Chennai (TN)	- 58,00,000 (PY) - 59,50,000 (CY)	

CA FINAL Questions – REVERSE CHARGE

MCQ

- Q1. Mention the supplies on which reverse charge mechanism would apply?
- (a) Notified categories of goods or services or both
 - (b) Inward supply of goods or services or both from an unregistered dealer
 - (c) Both the above
 - (d) None of the above
- Q2. Which of the following services are covered under Reverse Charge Mechanism under Section 9(3) of CGST Act, 2017
- i. Legal Consultancy
 - ii. Goods Transport Agency
 - iii. Manpower Supply
 - iv. Rent-a-Cab
- (a) i & iii
 - (b) i & iv
 - (c) i & ii
 - (d) All the above
- Q3. . In case of GTA Services, provided to an Individual not registered under GST and not a business entity, liability to pay GST is on
- (a) Supplier
 - (b) Recipient
 - (c) Both
 - (d) None of the above
- Q4. Sponsorship services provided by Mr. A to M/s AB Ltd., liability to pay GST is on:R
- (a) Mr. A
 - (b) M/s AB Ltd.
 - (c) Both
 - (d) None of the above
- Q5. In case of renting of land, inside an Industrial estate, by State Government to a manufacturing company, GST is:
- (a) Exempted
 - (b) Applicable under Normal Charge
 - (c) Applicable under Reverse Charge
 - (d) None of the above
- Q6. Services by an Insurance Agent to Ms. ABC Insurance Co. Ltd., GST is to be paid by:
- (a) Insurance Agent
 - (b) ABC Insurance Co. Ltd.
 - (c) Both
 - (d) None of the above
- Q7. Sitting Fees received by director of XYZ Ltd., is liable for GST in the hands of the.....
- (a) Director
 - (b) XYZ Ltd
 - (c) Both of above
 - (d) None of the above
- Q8. Services by a Recovery Agent to M/s ZZZ bank Ltd., is liable for GST in the hands of:
- (a) M/s ZZZ bank Ltd.
 - (b) Recovery Agent
 - (c) Both the above
 - (d) None of the above

Q9. Silk yarn procured by M/s ABC Silks Ltd. from a Trader, GST is payable by:

- (a) Trader
- (b) M/s ABC Silks Ltd
- (c) Both the above
- (d) None of the above

Q10. Lottery procured from State Government by a lottery distributor, GST is payable by:

- (a) Lottery Distributor
- (b) State Government
- (c) Both the above
- (d) None of the above

Q11. Reverse charge u/s 9(3) of the CGST Act is applicable on:-

- (a) Only on Notified Services
- (b) Only on Notified Goods
- (c) Notified Goods & Services
- (d) None of the above

Q12. If Tobacco leaves procured from an Agriculturist by a registered person, then: -

- (a) Reverse charge is applicable
- (b) Normal charge is applicable
- (c) Joint charge is applicable
- (d) None of the above

Q13. M/s. PQR Ltd. has availed rent-a-cab service from M/s ABC Travels (Proprietor) service then which one of the following is true:-

- (a) Reverse charge is applicable as this is a notified service.
- (b) Reverse charge is applicable if ABC Travels is not registered.
- (c) Joint charge is applicable
- (d) None of the above

Q14. Reverse Charge is applicable:

- (a) Only on supplies
- (b) Only on advances
- (c) On both supplies and advances
- (d) None of the above

Q15. Reverse Charge is applicable:

- (a) Only on intra state supplies
- (b) Only on inter-state supplies
- (c) Both intra and interstate supplies
- (d) None of the above

Q16. Banking services provided by Department of post:

- (a) Taxable & Reverse Charge Mechanism is applicable
- (b) Taxable & Normal Charge is applicable
- (c) Exempt from GST
- (d) Nil rated

Q17. If a supplier is under the Composition scheme, does RCM still apply to the recipient?

- (a) Yes
- (b) No

- Q18. If all supplies made by a supplier are covered under RCM, should they still register under the Act if the threshold exceeds the prescribed limit
(a) Yes
(b) No - Notification No. 05/2017- Central Tax
- Q19. A radio taxi driver has provided his services through Electronic Commerce Operator – Kuber Cabs. The tax on such supplies shall be paid by the **(ICAI Study Material)**
(a) Electronic Commerce Operator – Kuber Cabs
(b) Radio taxi driver
(c) Customer receiving the services from radio taxi driver
(d) None of the above
- Q20. GST is payable by the recipient under reverse charge on: **(ICAI Study Material)**
(a) Sponsorship services
(b) Transport of goods by rail
(c) Transport of passengers by air
(d) All of the above

Theoretical Questions

- Q1. What does the payment of tax under reverse charge mean?
- Q2. Who is responsible to pay taxes?
- Q3. What are the different types of supplies which are liable to tax under reverse charge mechanism?
- Q4. What is the difference between reverse charge u/s 9(3) and u/s 9(4)?
- Q5. What is the effect of reverse charge on input tax credit?
- Q6. Does tax liability u/s 9(5) come within reverse charge? Can any person other than the supplier or recipient be liable to pay tax under GST?
- Q7. State person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:
(ICAI Study Material)
(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.
- Q8. Is reverse charge applicable after supply or on payment of advance?
- Q9. In accordance with the provisions of GST Act, Give answers to the following pertaining to Reverse Charge:
(i) Is GST payable for both the components – CGST and SGST (or UTGST)?
(ii) Is GST on reverse charge basis payable on inter-State supply also?
(iii) Is reverse charge applicable on supply of goods also or is it only on supply of services?
(iv) In case supplier eligible to threshold exemption, is reverse charge applicable?
- Q10. Can any unregistered transporter having a turnover below ₹ 20 lacs carry the goods for a registered dealer?
- Q11. State answers to the following as in accordance with the provisions of GST pertaining to Reverse Charge:
(i) What are implications to supplier if recipient refuses to pay tax on reverse charge?
(ii) In case supplier has paid GST, is recipient discharged from the liability to pay tax on reverse charge?
(iii) Is GST wrongly paid by supplier available as Input Tax Credit (ITC) to recipient?
- Q12. Whether registration is necessary when payment arisen under reverse charge?

Q13. If all the Supplies of a person are under Reverse charge mechanism, can such person not register under the Act although the aggregate turnover is exceeding the prescribed limit?

Case study

Q14. 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. **(ICAI Study Material)**

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?

Q15. Vakil & Vakil, a firm of lawyers rendered legal advice to Mr. B, an architect, and MNO Ltd, an advertising agency during October, 20XX. Both Mr. B and MNO Ltd. are not entitled for threshold exemption in the said financial year. Who is liable to pay GST in this case? Will your answer be different if Mr. B and MNO Ltd. sought legal advice from Mr. A, a lawyer?

Q16. Mr. X, a Delhi resident, submits a cab request to Speed Cabs for travelling from Delhi to Gurgaon. Speed Cabs is a mobile application owned and managed by Speed Technologies Ltd. located in India. The application facilitates a potential customer to connect with persons providing cab service under the brand name of Speed Cabs.

After Mr. X pays the cab charges using his debit card, he gets details of the driver, Mr. Y and the cab's registration number. With reference to the Goods & service tax act, discuss who is liable to pay GST in this case. Will your answer be different, if Speed Technologies Ltd. is located in New York and does not have a representative in India?

Q17. From the following information determine the person liable to pay goods & service tax and extent of goods & service tax payable if all sums are exclusive of goods & service tax and both Supplier and Recipient are located in India –

1. Mr. Atul is an agent of Life Insurance Co. The insurance company pays commission (excluding tax) ₹ 6 Lakh to him. Mr. Kanha claims that no service tax is leviable on services provided by him as his value of taxable service does not exceed ₹ 10 lakhs.
2. XYZ Ltd. availed services of Vimal Goods transport agency for transportation of goods by road from factory located in New Delhi to its Jaipur depot and paid freight of ₹ 1, 00,000.
3. Ranka Jewellers Ltd. paid ₹ 50 lakhs for sponsorship of Miss India beauty pageant for sponsorship services.
4. Legal services provided by VHB & Co., a partnership firm of New Delhi to Tata Motors Ltd, Mumbai. : ₹ 70, 00,000.
5. Service provided by a director of a company (not in capacity of employee) to the company: ₹10 Lakh.
6. Infrastructural support services provided by Government to a business entity: ₹ 14 Lakh
7. Renting of immovable property services provided by Government to business entity: ₹ 18 Lakh

Q18. Vsmart pvt ltd, Pune had appointed a senior advocate Ms Pooja for representation of company's legal matter for which Ms Pooja appointed Sharma associates a partnership firm at Delhi for representation of matter there. Determine the GST liability as who is liable to pay?

Q19. Yes Bank located in Nagpur, appointed Mr Mahesh as a recovery agent for collecting outstanding balance amount of loan from one of its customer. Mr Mahesh provided service to Yes Bank for which it charged a fee. Determine the tax implications as per GST Act.

Q20. Chetan Bhagat a renowned writer and author of 2 States transferred the copyright of his published book 2 States to Balaji telefilm productions ltd for a consideration. Examine the tax implications as per GST Act?

- Q21. ABC cooperative housing society availed the transport services of Sharma transports pvt ltd for transport of goods by road on a consignment agreement. Determine the tax implication as per GST
- Q22. Is reverse charge applicable on purchase of old gold ornaments from an unregistered person?
- Q23. Mr X a customer sold his old phone at a Mobile shop and purchased a new Samsung handset, the difference amount was paid by him in cash. Determine whether the sale of old phone by Mr X to the registered dealer will attract reverse charge?