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INDIA TOUR



V'Smart Academy

*Special 25
Questions*

By CA Vishal Bhattad



*Think GST!
Think Vishal Sir!!*

Question 1

M/s. Veer Ltd. being a Garment manufacturer is located in Mumbai has appointed Mr Rudra to procure garments based on a specification given by him. As the same kind of garments are not available in area of Mr. Veer, so Mr. Rudra buys the specified garments on his behalf from M/s XYZ Ltd. and for this activities invoice is issued in the name of principal.

- 1) Whether it is to be treated as a supply under GST? Would your answer differ if invoice is issued in name of an agent Mr Rudra?
- 2) M/s Veer Ltd. transfers 1000 shirts from his factory located in Mumbai to his retail showroom in Delhi so that the same can be sold from there. The factory and retail showroom of M/s Veer Ltd are registered in the States where they are located. Although no consideration is charged, supply of goods from factory to retail showroom constitutes supply. Justify
- 3) On occasion of Diwali, M/s Veer Ltd 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 a employee?
- 4) Further M/s Veer decided to provide the following relating to information technology software. Compute the value of taxable service and GST liability (Rate of CGST 9% and SGST 9%)?
 1. Development and Design of information technology software: ₹ 15 lakhs
 2. Sale of pre-packaged software, which is put on media: ₹ 52 lakhs.
- 5) Along with above, Mr. Veer also provides bus service, meal coupon, telephone at residence, gives vehicle for official and personal use, uniform, and shoes to its employee. Explain the implication of GST under this case, if:-

- a) These prerequisites are provided as per the contract entered between employer and employee.
 - b) These prerequisites are provided willingly by employer for better performance of employee without any agreement
- 6) M/s Veer Ltd. hires an ambulance for transport facility of a deceased person for performing funeral rituals
 - 7) M/s Veer Ltd. enters into an agreement for sale of land to Mr Ajay for a consideration
 - 8) M/s Veer Ltd gives clothes from his business stock (on which ITC is taken) to his friend free of cost permanently.

Determine whether the above activities fall under the purview of supply as per Section 7 of CGST Act.

Answer:-

(1) **Legal Provision:-**

- Section 7(1)(c) read with Para 3 of Schedule I of CGST Act, 2017 states that supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal, shall be treated as supply even if made without consideration.
- As per CBIC clarification, if invoice for further supply is being issued by agent in his own name, then this activity is treated as supply under para 3 Schedule I, otherwise not.

Discussion:-

- In the given case, Mr. Rudra (Agent) is appointed just to procure the goods on behalf of Mr. Veer (Principal) and he is issuing invoice also in name of Mr. Veer (Principal).
- He has not involved himself in the supply or receipt of goods in any way.
- Hence, Mr. Rudra is not an agent of Mr. Veer for the purpose of para 3 of schedule I.

	<p>Conclusion:-</p> <p>i) No, it is not to be treated as a supply as per para 3 of Schedule I. This is because the Mr. Rudra (Agent) is issuing invoice in name of the Mr. Veer (Principal).</p> <p>ii) Yes, if invoice is in the name Mr. Rudra (Agent), then this transaction will be treated as supply as per para 3 of Schedule I.</p>
(2)	<p>Legal provision:</p> <p>➤ As per section 7(1)(c) read with Para 2 of schedule I of CGST Act, 2017, Supply of goods &/or services between distinct person as u/s 25 in the course or furtherance of business shall be treated as supply even when it is made without consideration.</p> <p>➤ Section 25(4) of CGST Act, 2017 states that if more than one registration is obtained or is required to be obtained by a person in one or more State, then for each of such registration, he shall be treated as distinct persons.</p> <p>Discussion & Conclusion:</p> <p>➤ In given case, factory & retail showroom of M/s Veer Ltd. are registered in the States where they are located. So, both are treated as establishments of distinct person u/s 25(4).</p> <p>➤ Although, no consideration is charged, supply of goods from factory to retail showroom constitutes supply as per para 2 of schedule I stated above as it is in course or furtherance of business</p>
(3)	<p>Legal Provision:</p> <p>➤ As per section 7(1)(c) read with Para 2 of Schedule I of CGST Act, 2017, Supply of goods &/or services between related persons is treated as supply even if it is without consideration.</p> <p>➤ Proviso to para 2 of schedule I states that if gifts given by employer to an employee are not exceeding ₹ 50,000 in value in a financial year, then it shall not be treated as supply of goods &/or services.</p> <p>➤ As per explanation to section 15, employer & employee are deemed to be related persons.</p> <p>Discussion & Conclusion:</p> <p>1) Diwali gift to employee worth ₹ 3,00,000 will qualify as supply and such supply would be leviable to GST as the employer & employee are related</p>

	<p>and value of gift exceeds Rs 50000 in a financial year.</p> <p>2) If gift of ₹ 42,000 is given instead of ₹ 3,00,000, the same will not qualify as supply. This is because, the value of gift is not exceeding ₹ 50,000 in a financial year.</p>																
(4)	<p>1. It will be treated as supply & as per para 5(d) of schedule II of CGST Act, 2017, it will be classified as supply of service.</p> <table border="1" data-bbox="1238 400 1995 603"> <thead> <tr> <th>Particulars</th> <th>Rs. In Lakhs</th> </tr> </thead> <tbody> <tr> <td>Value of Taxable supply of service</td> <td>1.5</td> </tr> <tr> <td>CGST @ 9% of Rs. 15 Lakhs</td> <td>1.35</td> </tr> <tr> <td>SGST @ 9% of Rs. 15 Lakhs</td> <td>1.35</td> </tr> </tbody> </table> <p>2. It will be treated as supply & as per para 5(d) of schedule II of CGST Act, it will be classified as supply of goods.</p> <table border="1" data-bbox="1238 719 1966 922"> <thead> <tr> <th>Particulars</th> <th>Rs. In Lakhs</th> </tr> </thead> <tbody> <tr> <td>Value of Taxable supply of service</td> <td>52</td> </tr> <tr> <td>CGST @ 9% of Rs. 15 Lakhs</td> <td>4.68</td> </tr> <tr> <td>SGST @ 9% of Rs. 15 Lakhs</td> <td>4.68</td> </tr> </tbody> </table>	Particulars	Rs. In Lakhs	Value of Taxable supply of service	1.5	CGST @ 9% of Rs. 15 Lakhs	1.35	SGST @ 9% of Rs. 15 Lakhs	1.35	Particulars	Rs. In Lakhs	Value of Taxable supply of service	52	CGST @ 9% of Rs. 15 Lakhs	4.68	SGST @ 9% of Rs. 15 Lakhs	4.68
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(5)	<p>Legal Provision:</p> <p>➤ As per section 7(2) read with para 1 of Schedule III of CGST Act, any service provided by an employee to employer in the course of or in relation to employment shall be treated neither as a supply of goods nor a supply of services & thus, not taxable.</p> <p>➤ As per CBIC Clarification, if any prerequisites are provided by employer to its employees as per the contractual agreement between them, such prerequisites shall be treated as consideration for employee in relation to his employment & thus, gets covered under para 1 of Schedule III.</p> <p>➤ As per para 2 of Schedule I of CGST Act, gift given by employer to an employee exceeding ₹ 50,000 in value in a financial year is treated as deemed supply & thus, taxable under GST</p>																

Discussion & Conclusion:	
(a)	<ul style="list-style-type: none"> ⇒ In given case, perquisites are provided by employer to employee as per the contract between them & is thus provided in relation to employment. ⇒ It is not treated as supply under GST as per para 1 of Schedule III & not leviable to GST.
(b)	<ul style="list-style-type: none"> ⇒ Here, perquisites are provided by employer to employee without any agreement between them & thus, are not provided in relation to employment. ⇒ It is not covered under para 1 of Schedule III & thus, taxable. However, GST is payable only on value exceeding of ₹ 50,000 in a financial year for an employee as per para 2 of Schedule I.
(6)	As per section 7(2) read with para 4 of Schedule III of CGST Act, Services of funeral including transportation of the deceased shall be treated neither as a supply of goods nor a supply of services. Thus, there is no levy of GST on such activity as it is out of scope of supply.
(7)	As per section 7(2) read with para 5 of Schedule III of CGST Act, Sale of land shall be treated neither as a supply of goods nor a supply of services. Thus, there is no levy of GST on such activity as it is out of scope of supply.
(8)	<p>Legal Provision:</p> <ul style="list-style-type: none"> ⇒ As per Section 7(1)(c) read with para 1 of schedule I of CGST Act, permanent transfer or disposal of business assets where ITC has been availed on such assets shall be treated as supply under GST even when there is no consideration involved. ⇒ So, if no ITC is availed on such business asset, then it will not be treated as supply under this para. <p>Discussion & Conclusion:</p> <p>Business assets also includes stock in trade. Hence, in this case, permanent transfer of business stock free of cost shall be treated as supply under para 1 of schedule I as the M/s Veer Ltd. claimed input tax credit on his purchase of that business stock</p>

Question 2

Miss Sheetal, Proprietor of Fashion Varieties, is engaged in manufacturing and selling of cosmetic products in Pune (Maharashtra). It has made the following supplies in the month of Nov 20XX.

- 1) She has donated ₹ 3,00,000 to a Sewa Charitable Trust in the memory of her late father. The Sewa Charitable Trust had written on the door of the room constructed in the school run by it from the money donated by Sheetal Mehta “Donated by fashion Varieties, Pune (MH)”,
- 2) She has given 50 units of Diwali Gift Box of ₹ 50,000 containing Sweets, chocolates, Dry Fruits & Cakes to her Employees & the rates are 14%, 12%, 28% & 5% respectively
- 3) Supply of Hair dryer along with the charger to a customer of Surat ₹ 80,000 (exclusive of GST)
- 4) She is planning to invest in stocks. She has opened a trading account with Vaydaa Brokers. During the month, Sheetal undertook future contracts (without a physical delivery option, but are cash settled on the expiry of the contract date), amounting to ₹ 5,00,000.
- 5) Shreya, Daughter of Sheetal plans to pursue her higher education in US. She receives career consultancy services from a US based consultant for 2,50,000
- 6) She received legal consultancy for her business from Hetal (Real sister who is wholly dependent on her) of UK (London) without consideration. (OMV= 99,000)
- 7) She has also provided Free Make up kit to her Friend for marriage function. Cost of providing said goods is ₹ 80,000, & She has not availed ITC on the same
- 8) As an incentive, Miss Sheetal pays an amount of ₹ 75,000 to her employees upon achieving a specified sales target. The incentive is part of the salary of the employees and applicable tax is deducted at source as per relevant income tax provisions

The applicable rates are:

IGST	18%
CGST	9%
SGST	9%

From the above information, compute the GST liability (CGST, SGST and IGST, as the case may be) of Miss Sheetal for the month of November, 20XX

Answer:-

S.No.	Particulars	Amount (₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
1.	Donation to Sewa Charitable Trust [Note 1]	3,00,000	-	27,000	27,000
2.	Supply of Diwali Gift Box [Note 2]	50,000	-	-	-
3.	Supply of Hair dryer along with Charger to Surat customer [Note 3]	80,000	14,400	-	-
4.	Investment in Stocks [Note 4]	5,00,000	-	-	-
5.	Import of Consultancy Services [Note 5]	2,50,000	-	-	-
6.	Import of Legal consultancy services [Note 6]	99,000	17,820	-	-
7.	Free makeup Kit to friend [Note 7]	80,000	-	-	-
8.	Incentives to Employees [Note 8]	75,000	-	-	-
	Value of Taxable supply		32,220	27,000	27,000

Notes:

- 1) The name of “Fashion Varieties” has been displayed on the door of the room constructed in the school run by Sewa Charitable Trust, it might be aimed at advertising or promoting his business. There is a direct mention of his Fashion Varieties which is being advertised. Thus, it is a supply of service by Sewa Charitable Trust for a consideration received in the form of donation
- 2) It is a mixed supply and is treated as supply of that particular supply which attracts highest tax rate [viz. Dry Fruits] in terms of section 8(b) of the CGST Act, 2017. But, as per proviso to para 11 of schedule I gift to employee upto ₹50, 000 is not treated as supply.
- 3) Being naturally bundled, supply of Hair dryer along with the charger is a composite supply which is treated as the supply of the principal supply [viz. Hair dryer] in

terms of section 8(a) of the CGST Act, 2017 and is an inter- State supply. Accordingly, IGST @ 18% will be charged

- 4) The definitions of the terms “goods” and “services” specifically exclude “securities” from their purview. Further, 'derivatives' are included in the definition of 'securities'. As 'derivatives' fall in the definition of securities, they are neither goods nor services and hence, are not liable to GST
- 5) As per section 7(1)(b) of CGST Act, 2017, Supply includes import of services for a consideration whether or not in the course or furtherance of business. Thus, it will be treated as a supply, However it is exempted vide notification.
- 6) As per para 4 of schedule I of CGST Act, import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in course or furtherance of business. It is taxable under RCM.
- 7) As per section 7(1)(c) under Schedule I of the CGST Act , goods or services are given to unrelated persons without consideration cannot be considered as supply
- 8) As per section 7(2) read with Schedule III of the CGST Act, services by an employee to employer in the course of or in relation to his employment shall not be treated as supply under GST.

Further, the amount paid as incentive by Miss Sheetal is not in the nature of gift, and thus, is not covered under Schedule I of the CGST Act

Question 3

M/s XYZ Pvt. Ltd. is a trading company engaged in supply of goods & services & registered under GST

From the following information determine the person liable to pay Goods & Service tax both Supplier and Recipient are located in India:

- a) XYZ Ltd. availed services of Vimal Goods transport agency for transportation of goods by road from factory located in Pune to its Satara depot and paid freight of ₹ 1,00,000 where the GST is charged at the rate applicable. Vimal Goods transport agency is registered under GST & has exercised the option to pay tax under forward charge.
What will be your answer if GTA has not exercised the option to pay tax under forward charge?
- b) Due to conflicts arise in Company, XYZ Ltd availed Legal services from VHB & Co., Partnership firm of Advocates
- c) Government has provided Infrastructural support services to XYZ Ltd of Rs. 14 Lakh
- d) XYZ Ltd provides Sponsorship services to Mr. Bhagat for a cultural event.
- e) XYZ Ltd. also provides services to Star Industries Ltd., USA, value being ₹ 7 lakhs
- f) Mr. X is an executive director, i.e. an employee of the XYZ Ltd. Out of total remuneration amounting to ₹ 1,25,000, ₹ 60,000 has been declared as salaries in the books of XYZ Ltd and subjected to TDS under section 192 of the Income-Tax Act (IT Act). However, ₹ 65,000 has been declared separately other than salaries in the XYZ Ltd's accounts and subjected to TDS under section 194J of the IT Act as professional services
- g) Rental income received by Maharashtra State Government from renting an immovable property to XYZ Pvt. Ltd
- h) Mr. X, submits a cab request to Speed Cabs for travelling from Pune to Mumbai. Speed Cabs is a mobile application owned and managed by Smart

Cab Technologies Ltd. located in India

- i) XYZ Ltd has availed the service by way of renting of motor vehicle from Mr. Poonawala for the total consideration of ₹ 1.5 lakhs (including cost of fuel). Mr. Poonawala opted for paying tax @ 5% (i.e. 2.5% CGST & 2.5% SGST) and avail input tax credit of input service received from supplier who is also engaged in same line of business.
Would your answer differ, if such service by way of renting of motor vehicle was taken by manager of XYZ Ltd. on his own A/c?
- j) XYZ Ltd. provides service by way of renting its warehouse to Mr. Chirag (Fruits dealer), registered under GST, for storing perishable goods.

Answer:

(a)

Legal Provision:-

- As per section 9(3) of CGST Act, if service of transportation of goods by road is provided by a GTA to a specified recipient, i.e., a body corporate established by or under any law, then **such body corporate is liable to pay tax under reverse charge.**
- However, if the registered GTA has exercised the option to pay tax under forward charge on transportation of goods and also issued a tax invoice to the recipient charging Central Tax at the applicable rates with a declaration thereon, then the **GTA is liable to pay tax under forward charge.**

Discussion & Conclusion:-

- In the first case, XYZ Ltd. is a specified recipient, i.e., a **body corporate** established by or under any law liable to pay freight.
- However, GTA has exercised the option to pay tax under forward charge and also issued a tax invoice charging GST at the applicable rate.
- Therefore, Vimal Goods transport agency is liable to pay GST under **forward charge.**

	<p>➔ In the second case, if GTA has not exercised the option to pay tax under forward charge, then XYZ Ltd., being a specified recipient, is liable to tax under reverse charge</p>
(b)	<p>Legal Provision:- As per section 9(3) of CGST Act, if legal services are provided by a firm of advocates to any business entity located in the taxable territory, then the GST is payable on reverse charge basis by recipient.</p> <p>Discussion & Conclusion:-</p> <p>➔ In the given case, VHB & Co. is a partnership firm of advocates & provides legal service to a business entity - XYZ Ltd.</p> <p>➔ Therefore, XYZ Ltd. is liable to pay GST under reverse charge. [we assume that agg. T/O of XYZ Pvt. Ltd. of P.F>.Y. exceeds threshold]</p>
(c)	<p>Legal Provision:- As per section 9(3) of CGST Act, if any service, other than those covered under exception, are provided by the Government to business entity located in a taxable territory, then GST is payable under reverse charge by recipient.</p> <p>Discussion & Conclusion:-</p> <p>➔ In given case, the government provides the Infrastructural support services to XYZ Ltd.</p> <p>➔ The Infrastructural support services are not covered under exceptions to services notified under reverse charge.</p> <p>➔ Therefore, the XYZ Ltd. is liable to pay GST under reverse charge.</p>
(d)	<p>Legal Provision:- As per section 9(3) of CGST Act, if sponsorship services are provided by any person to any body corporate or partnership firm located in the taxable territory, then GST is payable under reverse charge by recipient.</p> <p>Discussion & Conclusion:-</p> <p>➔ In the given case, sponsorship services have been provided to an individual.</p> <p>➔ Thus, the reverse charge provisions will not be attracted here.</p> <p>➔ So, company (XYZ Ltd.) i.e. the supplier is liable to pay GST under forward charge</p>

(e)	<p>RCM would apply only if service provided to registered person located in taxable territory. As Star Industries is located in USA which falls outside the taxable territory, so XYZ Ltd will be liable to pay tax under forward charge.</p> <p>Note:- If supplier satisfies conditions of section 16 of IGST Act, then it can avail benefit of zero-rated supply for export to Star Industries Ltd. USA & no GST would be payable.</p>
(f)	<p>Legal Provision:-</p> <p>➔ If director's remuneration is declared as salaries in books of a company and subjected to TDS u/s 192 of the Income-tax Act (IT Act), then that is not taxable being consideration for services by an employee to employer in course of or in relation to his employment as per para 1 of Schedule III.</p> <p>➔ Further, director's remuneration which is declared separately other than salaries in company's accounts and subjected to TDS u/s 194J of IT Act as fees for professional or technical services are outside the scope of Schedule III and is therefore, taxable.</p> <p>➔ As per section 9(3) of CGST Act, if services are provided by director to the company located in taxable territory, then the company is liable to pay tax under reverse charge.</p> <p>Discussion & Conclusion:-</p> <p>➔ In this case, salary of ₹ 60000 is not taxable as it gets covered under para 1 of Schedule III.</p> <p>➔ Further, ₹ 65,000 declared separately other than salaries by XYZ Ltd's is a consideration for professional services which is outside the scope of Schedule III and is therefore, taxable.</p> <p>➔ The recipient of services i.e. XYZ, is liable to discharge the applicable GST on it on reverse charge basis</p>
(g)	<p>Legal Provision:- As per section 9(3) of CGST Act, if service of renting of immovable property is provided by the Central Government, State Government, Union Territory, or local authority to any registered person located in the taxable territory, then GST is payable under reverse charge by recipient.</p>

	<p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In the given case, XYZ Pvt. Ltd. is registered under GST. ➤ So, here, the State Government of Maharashtra provided service of renting of immovable property to a registered person located in taxable territory. ➤ Therefore, XYZ Pvt. Ltd. is liable to pay GST under reverse charge.
(h)	<p>Legal Provision:</p> <ul style="list-style-type: none"> ➤ As per sec 9(5) of CGST Act read with CBIC notification, If services provided by way of transportation of passengers by a Radio-taxi, motor cab, maxi cab, motorcycle, omnibus or any other motor vehicle, then the tax shall be paid by Electronic Commerce operator, if such services are supplied through it. <p>Conclusion:</p> <ul style="list-style-type: none"> ➤ In the given case, Smart cab Technologies Ltd provides motor cab services to Mr. X. ➤ Thus, Smart Cab Technologies Ltd is liable to pay GST
(i)	<p>Legal Provision:</p> <p>As per section 9(3) of CGST Act, 2017 read with relevant notification, If service by way of Renting of any motor vehicles, designed to carry passengers, (where the cost of fuel is included in the consideration charged from the service recipient), provided by any person other than body corporate (paying GST @ 5%, with limited ITC), to a body corporate, then Body corporate (being recipient) is liable to pay tax under reverse charge.</p> <p>Discussion & Conclusion:</p> <ul style="list-style-type: none"> ➤ In the given case, Mr. Poonawala provided service of renting of motor vehicle to XYZ Ltd & opted to pay GST @5% ➤ Therefore, XYZ Ltd is liable to pay tax under Reverse Charge ➤ However, if such service are provided to any person other than a body corporate, then the above provision will not apply and such service would fall under forward charge and Mr. Poonawala will be liable for payment of tax at the rate of 2.5% CGST & 2.5% SGST.
(j)	<p>Legal Provision:</p> <p>As per section 9(3) of CGST Act, 2017, If service provided by any person by way of renting of commercial property to Registered person for the purpose of commercial use, then it will be taxable under Forward charge</p>

	<p>Conclusion:</p> <ul style="list-style-type: none"> ➤ In the given case, service by way of renting of commercial property have been provided to Mr. Chirag for commercial purpose. ➤ Thus, the reverse charge provisions will not be attracted here. ➤ So, company (XYZ Ltd.) i.e. the supplier is liable to pay GST under forward charge
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Question 4

Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka State) has provided the following information for the month of February 20XX:

Sr. No.	Particulars	Amount (₹)
(i)	Intra-state taxable supply of service	5,20,000
(ii)	Legal fee paid to a Lawyer located within the state	20,000
(iii)	Rent paid to the State Govt. for his office building	30,000
(iv)	Received for services towards conduct of exams in Loveall University, Pune (recognized by law), being an inter-state transaction	16,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Thiraj for the month of February, 20XX.

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

All the amounts given above are exclusive of taxes [ICAI Suggested Nov 18 New]

Answer:-

Computation of Net GST liability for the Month of Feb 20XX:-

Particulars	Value of Supply (₹)	IGST@18% (₹)	CGST @9% (₹)	SGST @9% (₹)
Output Supply				
Intra-State taxable supply of services	5,20,000	–	46,800	46,800
Services towards conduct of exams in Loveall University, Pune [Note-1]	16,000	–	–	–

Output Tax Payable		–	46,800	46,800
Less ITC				
Legal fee paid to lawyer located within State [Note-2]	20,000	–	(1,800)	(1,800)
Rent paid to State Government for Office Building [Note-3]	30,000	–	(2,700)	(2,700)
Output tax payable after set off of ITC		–	42,300	42,300
Tax Payable under RCM				
Legal fee paid to lawyer located within State [Note-2]	20,000	–	1,800	1,800
Rent paid to State Government for Office Building [Note-3]	30,000	–	2,700	2,700
Total tax liability [A]+ [B]		–	46,800	46,800

Notes:

1. Since Loveall University provides education recognized by law it is an educational institution and services provided to an educational institution, by way of conduct of examination by such institution are **exempt** from GST
2. In case of **legal services provided by an advocate to any business entity** GST is payable under **reverse charge** by the recipient of service
3. In case of services supplied by **State Government by way of renting of immovable property to a registered person**, GST is payable under reverse charge by the recipient of service
4. The amount available in the electronic credit ledger may be used for making payment towards output tax.
 - However, **tax payable under reverse charge is not an output tax.**
 - Therefore, **tax payable under reverse charge cannot be set off** against the input tax credit and
 - Thus, will have to be **paid in cash.**

Question 5

Mr. Amar is running a consultancy firm and also a readymade garment showroom which are registered under same PAN. Turnover of the showroom is ₹ 35 lakhs and Receipt of the consultancy firm is ₹ 15 Lakhs in the current financial year.

Based on above information, Answer the following questions independently.

- Whether Mr. Amar is eligible for Composition Scheme u/s 10(1) of CGST Act (Assume turnover in state of preceding financial year is ₹ 10 Lakhs)?
- If instead of consulting agency, Mr. Amar is running a Restaurant, whether he is eligible for composition?
- If the turnover of Garment showroom is ₹ 1.5 Cr in the preceding financial year and there is no consultancy firm, whether he is eligible for Composition?
- Mr. Amar has registered offices in Maharashtra & Punjab & supplies goods in neighbouring States
- Mr. Akbar who is brother of Mr. Amar is a manufacturer of Building Bricks in State of Maharashtra. His turnover for the year does not exceed ₹ 1.5 Crore. He wants to take advise from Mr. Amar for eligibility of composition levy?
- Can Mr. Amar, having registration in multiple states, opt for payment of tax under composition levy only in one state and not in other state?
- Can Mr. Amar who has opted to pay tax under the composition scheme avail Input Tax Credit on his inward supplies & collect tax on his outward supplies
- Mr. Amar availing composition scheme, under sub-sections (1) & (2) of section 10, in Maharashtra. during a financial year crosses the turnover of Rs. 1.5 Crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March?
- What are the penal consequences if Mr. Amar opts for the composition scheme

& he is involved in violation of the conditions?

- Are monthly returns required to be filed by Mr. Amar opting to pay tax under the composition scheme?
- Can the option to pay tax under composition levy be exercised by Mr. Aniket who is relative of Mr. Amar at any time of the year?

Answer:

Legal Provision:-

- As per section 10(1) read with second proviso thereto,
 - a person providing Restaurant service can opt for composition scheme without any limit for supplying such service &
 - person who opts to pay tax u/s 10(1) may supply services (other than Restaurant service) in current financial year, of value not exceeding higher of:-
 - A 10% of turnover in a State or UT in the preceding financial year or
 - A Rs. 5 Lakhs.
- As per section 10(2)(a) of CGST Act, if any person is engaged in supply of services except as allowed above, then such person is ineligible for composition levy u/s 10(1).
- As per section 10(2A) of CGST Act, if a registered person is not eligible to opt to pay tax u/s 10(1) & (2) & has aggregate turnover in preceding financial year not exceeding Rs. 50 Lakhs, then such person can opt to pay tax under composition scheme under section 10(2A).
- As per sections 10(2)(c) & 10(2A) of CGST Act, Supplier who is engaged in making any inter-State outward supplies of goods or services is not eligible to opt for composition scheme u/s 10(1) & 10(2A) respectively
- As per section 10(2)(e) of CGST Act, a registered person manufacturing notified goods, one of which is Building Bricks, is not eligible to opt for composition scheme u/s 10(1).

a)	<p>No, Mr. Amar is not eligible for composition scheme u/s 10(1) because:-</p> <ul style="list-style-type: none"> ➤ he is supplying consultancy service of Rs 15 lakhs in current financial year ➤ which is more than the limit allowed Rs. 5 Lakhs (i.e., 10% of Rs. 10 lakhs or Rs. 5 lakhs, whichever is higher) <p>But, Mr. Amar can opt for composition scheme u/s 10(2A) as his aggregate turnover in preceding financial year Rs.10 Lakhs which is not exceeding Rs.50 Lakhs</p>
b)	<p>Yes, as Mr. Amar is providing Restaurant services which are eligible for composition scheme u/s 10(1) read with second proviso to section 10(1) without any limit for providing such service and hence, not becoming ineligible u/s 10(2)(a) also.</p>
c)	<p>Yes, Mr. Amar, being a trader, is eligible for composition scheme u/s 10(1) and his aggregate turnover also is not exceeding ₹ 1.5 Crore in the preceding financial year.</p>
d)	<ul style="list-style-type: none"> ➤ In the given case, Mr. Amar supplies goods in neighbouring States. ➤ Thus, It is not eligible for composition levy u/s 10 as it is making outward inter-state supply
e)	<ul style="list-style-type: none"> ➤ In given case, Mr. Akbar is a manufacturer of Building Bricks which is a notified good u/s 10(2)(e). ➤ Therefore, he is not eligible to opt for composition levy scheme u/s 10, even if his aggregate turnover does not exceed ₹ 1.5 crore.
f)	<ul style="list-style-type: none"> ➤ No, Mr. Amar shall not be eligible to opt for the composition scheme u/s 10 unless all such registered persons (i.e., branches having separate registration under a single PAN) opt to pay tax under composition scheme. ➤ This scheme would be applicable to all registrations separately held by person with same PAN.
g)	<ul style="list-style-type: none"> ➤ No, As per section 10(4) of CGST Act, any taxable person opting to pay tax under the composition scheme u/s 10(1) & 10 (2A) ➤ shall neither collect any tax from recipient on supplies made by him nor shall be entitled to any credit of input tax
h)	<ul style="list-style-type: none"> ➤ No. As per section 10(3) of CGST Act, the option availed of by a registered person u/s 10(1) lapses with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit as specified u/s 10(1) of Rs. 1.5 Crore.

	<ul style="list-style-type: none"> ➤ Once he crosses the threshold, he is required to file an intimation for withdrawal from the scheme in prescribed form within 7 days of the occurrence of such event. ➤ After filing such intimation, he may furnish a statement in prescribed form within a period of 30 days from the date from which the option is withdrawn containing details of:- <ul style="list-style-type: none"> ➤ stock of inputs and ➤ inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn.
i)	<p>As per Section 10(5), if a taxable person has paid tax under the composition scheme though he was not eligible for the scheme, then the person would be liable to penalty in addition to tax payable by him to be determined as per section 73 or 74 of CGST Act.</p>
j)	<ul style="list-style-type: none"> ➤ No, Person opting to pay tax under composition scheme are required to electronically filed GSTR-4 on yearly basis. Due date of filing GSTR-4 is 30th April following the end of financial year ➤ However, they are required to furnish a statement every quarter or part thereof containing the details of payment of self-assessed tax in FORM GST CMP-08 till the 18th of the month succeeding such quarter.
k)	<ul style="list-style-type: none"> ➤ No. The option is required to be given electronically in FORM GST CMP-02, prior to the commencement of the relevant financial year. ➤ But if Mr. Aniket applied for registration in between the year then he can opt for composition scheme by filling the details in Part B of FORM GST REG-01.

Question 6

M/s XYZ Pvt. Ltd. a manufacturer having the only registered place of business in the state of Maharashtra. Determine the eligibility to opt for composition scheme and also compute tax liability of M/s XYZ Pvt. Ltd. on the basis of following information assuming that total value of service provided by the company in Preceding Financial Year (PFY) is within the allowed limit of section 10(1) except interest and restaurant service.

S.No.	Particulars	PFY 20XX-XY(₹)	1st Qtr 20XY-YZ(₹)
1.	Value of taxable supply of goods	90.00 lacs	20.00 lacs
2.	Value of exempt supply of goods	20.00 lacs	5.00 lacs
3.	Value of taxable supply of service	5.00 lacs	1.00 lac
4.	Value of exempt supply of service	3.00 lacs	0.50 lac
5.	Value of supply of restaurant service	15.00 lacs	1.50 lacs
6.	Interest on loan/advances/deposits	4.00 lacs	1.20 lacs

Calculate GST payable under composition scheme for 1st quarter of CFY 20XY-YZ

Answer:

Legal Provision:

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

- All taxable supplies (other than inward supplies under RCM)
- Exempt Supplies
- Export of goods or services or both and
- Inter-state supplies of person having same PAN

to be computed on all India basis but it excludes central tax, state tax, union territory tax, integrated tax and cess. As per Explanation 1 to Section 10 aggregate turnover does not includes interest or discount on loan, advances and deposit.

a) Calculation of aggregate turnover of PFY 20XX-XY under composition scheme

Particulars	₹ in lacs
Value of taxable supply of goods	90.00
Value of exempt supply of goods	20.00

Value of taxable supply of service	5.00
Value of exempt supply of service	3.00
Value of supply of restaurant service	15.00
Aggregate turnover	133.00

As the aggregate T/O of P.F.Y. does not exceeds 1.5Cr, M/s XYZ is eligible for composition levy.

b) Calculation of value of supply of service to be allowed in CFY

The applicable limit is 10% of turnover in state i.e. ₹ 13.3 lakhs or ₹ 5 lakhs whichever is higher (Company having the only registered place of business in the State of Maharashtra. Hence, there Agg. T/o is equals to turnover in state) Actual supply of service in CFY [taxable supply + exempt supply] other than restaurant services = ₹1.5 lakhs which is within limit

Note: As per explanation to section 10(1), the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of **interest or discount shall not be taken into account** for determining the value of turnover in a State or Union territory.

Interest is not considered while computing turnover in the State for determining the tax payable under composition scheme (In terms of explanation 2 to section 10)

c) Calculation of GST on supply of goods and services except restaurant service

Particulars	₹ in lacs
Value of taxable supply of goods	20,00,000.00
Value of exempt supply of goods	5,00,000.00
Value of taxable supply of service	1,00,000.00
Value of exempt supply of service	50,000.00
Turnover in State	26,50,000.00
CGST @ 0.5 %	13250.00
SGST @ 0.5 %	13250.00
Total	26,76,500.00

d) Calculation of GST liability on restaurant service

Particulars	₹ in lacs
Value of Supply	1,50,000.00
CGST @ 2.5 %	3,750.00
SGST @ 2.5 %	3,750.00
Total	1,57,500.00

Note:-

- i. Manufacturer shall pay composition tax @ 1% of turnover in state which also includes nil rate & wholly exempt supply.
- ii. As per explanation 2 to sec 10 interest on loan to be excluded from Turnover in State. Hence it should not be added for calculation of GST liability.

Question 7

M/s Jonty India Ltd. a manufacturer of heavy machines registered at Jaipur (Rajasthan) supplied one machine to M/s. Dhanuka Ltd. of Udaipur (Rajasthan) on 05-02-20XX under an invoice of the same date. Using the information given below, compute the value of the machine and the GST payable (CGST & SGST or IGST as the case may be) in cash for the month of February, 20XX by M/s Jonty India Ltd. with appropriate working notes.

Assume Rate of CGST, SGST and IGST on the machine to be 9%, 9% and 18% respectively.

S.No.	Particulars	Amount (₹)
1	The Basic price of the machine (exclusive of taxes and discount)	28,50,000
2	Trade discount is allowed at 3% on the basic price and is shown in the invoice	85,500
3	Discount for prompt payment (recorded in the invoice)	5,000
4	Freight charges for delivery of the machine	2,000
5	Secondary packing (in iron sheets) charges for safe transportation of the machine on the request of buyer.	30,000
6	Design and engineering charges of the machine	90,000
7	Tax levied by Municipal Authority on the sale of the machine	25,000
8	Subsidy received by the supplier from the State Government to encourage manufacture of the machine (adjusted in above price)	80,000
9	Pre-delivery inspection charges paid to an independent agency in terms of the agreement for supply. The amount was paid by M/s. Dhanuka Ltd.	22,000

10	Interest amount paid by M/s. Dhanuka Ltd. for delay in payment for the machine	12,000
11	Inward Supplies: a) IGST paid on food items for consumption by employees working in the factory. b) SGST and CGST (₹ 15,000 each) paid on Electrical transformer used in the manufacturing process.	8,000 30,000

Additional Information :-

- (i) M/s Jonty India Ltd. offers 2% turnover discount on the list price. The discount was not known at the time of supply
- (ii) M/s Jonty India Ltd. has no input tax credit balance at the beginning of February, 20XX. All the other conditions necessary for availing the eligible input tax credit have been fulfilled.
- (iii) There are no other transactions of supplies during the month of February, 20XX.
- (iv) M/s Jonty India Ltd. and M/s. Dhanuka Ltd. are not related persons

Answer:

Computation of value of machine sold by M/s. Jonty India Ltd. :-

Particulars	Amount(₹)	Remarks
Basic price of machine	28,50,000	-
Less: 3% Trade discount on basic price of machinery	(85,500)	As per sec 15(3)(a) of the CGST Act, Discount given before or at the time of supply if duly recorded in invoice is deductible from the value of supply.

Less: Discount for prompt payment	(5,000)	As per sec 15(3)(a) of the CGST Act, Discount given before or at the time of supply if duly recorded in invoice is deductible from the value of supply.
Add: Freight charges for delivery of the machine	2,000	Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply as per section 15(2)(c) of CGST Act
Secondary packing	30,000	As per section 15(2)(c) of the CGST Act, the value of supply shall include incidental expenses, including commission and packing charges, charged by supplier to recipient
Design and engineering Charges	90,000	As per section 15(2)(c) of the CGST Act, the value of supply shall include incidental expenses, including design & engineering charges, charged by supplier to recipient
Tax levied by Municipal Authority	25,000	As per section 15(2)(a) of CGST Act, Taxes other than those levied under GST law are Includible in value
Subsidy received by the supplier from the State Government	-	As per section 15(2)(e) of CGST Act, 2017, the value of a supply includes subsidies directly linked to the price, excluding subsidies provided by the State Government & Central Government
Pre-delivery inspection charges paid by M/s. Dhanuka Ltd.	22,000	As per section 15(2)(b) of the CGST Act, Amount that supplier is liable to pay, but incurred by the recipient, is includible in the value of supply
Interest for delay in payment [₹12,000 x 100/118] (rounded off)	10,169	As per section 15(2)(d) of CGST Act, the value of supply shall include Interest or late fee or penalty for delayed payment of any consideration for supply Further, it is assumed that such interest is inclusive of tax and that the same has been received by M/s. Jonty India Ltd. in the month of February itself

Turnover discount	-	As per section 15(3), Since discount is not known at the time of supply, it is not deductible from the value of supply
Taxable Value of Supply	29,38,669	

Computation of net GST payable (in cash) by M/s. Jonty India Ltd. for the month of February, 20XX:-

Particulars	CGST @9% (₹)	SGST @9% (₹)
Tax on value of ₹ 29,38,669 (rounded off)	2,64,480	2,64,480
Less: Input tax credit [ITC] of tax paid on electrical transformer used in the manufacturing process [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 [Sec 17(5)]. Further, since transformers are used in the course or furtherance of business, ITC thereon is available as per section 16(1).]	15,000	15,000
Net GST Payable	2,49,480	2,49,480

Question 8

Determine the Time of supply for the purpose of payment of tax under CGST Act, 2017, in the below cases.

- a) SRK Limited, registered under GST, is engaged in sale of fabrics as well as doing job work of knitting of yarn for garment manufacturers. The company provides the following information in respect of order received for both sale of fabrics and job work:

Event	Supply of fabrics	Job Work of knitting
Date of confirmation of order	01-03-20XX	10-04-20XX
Date of receipt of advance of ₹ 1,00,000 each	05-03-20XX	12-04-20XX
Date of removal of goods or completion of order	10-03-20XX	15-04-20XX
Date of issue of invoice for full amount	15-03-20XX	20-04-20XX
Date of receipt of balance payment of ₹ 50,000 each	25-03-20XX	25-04-20XX

- b) SRK Limited. received the services of a transporter for road transport of a consignment on 20th May, 20XX. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July, 20XX. Invoice was received from the transporter on 20th June, 20XX and payment was made on 25th August, 20XX.
- c) SRK Limited. Has purchased the goods taxable on Reverse charge basis from PKL & Co. invoice dated 04/05/20XX.
SRK Ltd. received the goods on 12/05/20XX & makes payment for the same on 30/05/20XX
What would be your answer if goods are received on 12/06/20XX
- d) SRK Limited. has purchased for its employees 100 vouchers dated 14/12/20XX worth ₹ 2,000 each for specific footwear from Bata Ltd., a footwear manufacturing company. The vouchers were issued by Bata Ltd. on

15/12/20XX. The vouchers can be encashed at retail outlets of Bata Ltd. The employees of SRK Limited. encashed the same on 01/01/20XY.

- e) An income-tax and money laundering case against Mr. Abraham who is employee of SRK Ltd. , reveals a large volume of undisclosed assets, which he claims as service income from SRK Ltd, (other than salary). On this basis, the GST authorities investigates 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. Abraham voluntarily pays GST during the investigation.
- f) SRK Limited supplied fabrics to Mr. Y. The terms were to make the payment within 3 months or else a penalty of 12% p.a. of the invoice value will be charged in case of delayed payment. The invoice was dated 01/01/20XX and Invoice value was ₹75,000. Mr. Y could not make the payment on the due date due to unavoidable reasons. He however made the payment of the invoice value on 01/06/20XX. SRK Limited raised a debit note for the penalty amount. There being dispute on this, the matter was in arbitration which was finally resolved with Mr. Y agreeing to pay half of the penalty amount. The amount was paid by Mr. Y on 1/12/20XX.
- g) SRK Limited jobwork service to Z Ltd. on fabrics. For the month of January, 20XX, the bill amount was ₹ 5,000. Z Ltd. made a payment of ₹ 5,500 with an instruction to adjust the excess payment against next month's bill, and hence the same was adjusted by SRK Ltd. in case of his next month bill payable on 05/03/20XX (invoice issued on same date). What would be your answer, if Z Ltd. make payment of ₹ 6,500?

Answer:

a) **TOS in case of Supply of fabrics (Supply of goods):**

Legal provision:

➤ As per **section 12(2)** of CGST Act, 2017 read with notification 66/2017, the time of supply of goods shall be earlier of the following dates:

- a) Date of issue of invoice or
- b) last date to issue the invoice u/s 31.

➤ As per **notification 66/2017**, the time of supply of goods is **not on advance received** & this is applicable to **all registered persons except** composition supplier.

➤ Further, u/s 31(1), if supply involves movement of goods, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient.

Conclusion: Thus, the time of supply for advance of ₹1,00,000 as well as for the balance payment of ₹ 50,000 received for the supply of fabric is **10.03.20XX**.

TOS in case of Jobwork (Supply of services):

Legal provision:

➤ As per **section 13(2)** of CGST Act, 2017, the time of supply of services shall be as follows:-

	Cases	Time of Supply
a)	If the invoice is issued within the period prescribed u/s 31:-	Time of supply shall be earlier of:- -the date of issue of invoice by the supplier or - the date of receipt of Payment.
b)	If the invoice is not issued within the period prescribed u/s 31:-	Time of supply shall be earlier of:- - the date of provision of service or - the date of receipt of payment.

➤ As per **section 31(2)**, generally, the tax invoice shall be issued within 30 days of supply of service.

Conclusion:

Thus, the time of supply for advance of ₹1,00,000 received for the supply of job work services is 12.04.20XX and for balance payment of ₹ 50,000 is 20.04.20XX

b) **Legal Provision:-**

➤ As per **section 9(3)** of CGST Act, 2017, if service of transportation of goods by road is provided by GTA to any Body Corporate (which includes company), then GST is payable under reverse charge by body corporate.

➤ As per **section 13(3)** of CGST Act, 2017, the time of supply of service taxable under reverse charge is earlier of the following:

- a) **Date of payment** made by the recipient.
- b) Date immediately **following 60 days** from date of issue of invoice by the supplier.

Discussion & Conclusion:-

➤ Thus, in the given case, time of supply is earlier of:

25th August, 20XX i.e. the date of payment or

20th August, 20XX (61st day from 20th June which is the date of invoice)

➤ Therefore, **the time of supply is 20th August, 20XX.**

Assumption:

It is assumed that GTA has not exercised the option to pay tax under forward charge on services of transportation of goods supplied by it.

c) **Legal Provision:-**

As per **section 12(3)** of CGST Act, 2017, if **supply of goods is taxable under reverse charge**, then the time of supply of goods shall be **the earliest** of the following dates:-

- a) Date of **receipt of goods** or
- b) **Date of payment** which shall be **earlier** of following:-
 - date entered in the books of account of the recipient or
 - date on which the payment is debited in his bank account.
- c) Date immediately **following 30 days** from date of issue of invoice by the supplier.

	<p>(Here, date of invoice is relevant only for calculating thirty days from that date.)</p> <p>Discussion & Conclusion:-</p> <p>1) In 1st case, May 12 will be the time of supply of goods taxable under reverse charge being earlier of:-</p> <ul style="list-style-type: none"> ➤ Date of receipt of goods i.e. May 12 or ➤ Date of payment made i.e. May 30 or ➤ June 4 being 31st day from date of invoice which is May 4. <p>2) In 2nd case, May 30 will be the time of supply, being the earliest of dates mentioned u/s 12(3).</p>
d)	<p>Legal Provision:-</p> <p>As per section 12(4) of CGST Act, 2017, time of supply of vouchers issued by supplier of goods shall be:-</p> <ul style="list-style-type: none"> a) the date of issue of voucher if the supply is identifiable at that point; or b) the date of redemption of voucher, in all other cases. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In the given case, supply is identifiable at the time of issue of voucher as the vouchers specifically pertains to footwear. ➤ Hence, the time of supply of vouchers shall be the date of issue of voucher i.e. 15/12/20XX.
e)	<p>Legal Provision:-</p> <p>As per section 13(5) of CGST Act, 2017, where it is not possible to determine the time of supply under section 13(2), 13(3) and 13(4), then:-</p> <ul style="list-style-type: none"> ➤ <u>In a case where a periodical return has to be filed:-</u> Time of supply shall be the date on which such return is to be filed (i.e. Due date for filing of periodical return) or ➤ <u>In any other case:-</u> The time of supply shall be the date on which the tax is paid. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In the given case, it is not possible to determine the time of supply using:- <ul style="list-style-type: none"> ➤ date of invoice, ➤ date of provision of service,

	<ul style="list-style-type: none"> ➤ date of receipt of payment & ➤ date of receipt of services in the books of account of the recipient. <ul style="list-style-type: none"> ➤ On the other hand, Mr. Abraham, being an employee of SRK Ltd., is not a registered person and hence, the periodical return is also not to be filed. ➤ Therefore, the date of payment of GST by Mr. Abraham will be the time of supply u/s 13(5).
f)	<p>Legal Provision:</p> <ul style="list-style-type: none"> ➤ As per section 12(6) of CGST Act, 2017, the time of supply for the addition in value of supply by way of interest, late fee, or penalty for delayed payment of any consideration shall be the date of receipt of such addition in value by supplier <p>Discussion & conclusion:</p> <ul style="list-style-type: none"> ➤ Thus, in the given case, the time of supply of Penalty on delayed payment of consideration would be the date on which the supplier has received such additional consideration, i.e. 1/12/20XX
g)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per proviso to section 13(2) of CGST Act, if supplier of taxable services receives upto Rs 1000/- in excess of the amount indicated in the tax invoice, then the supplier has the option to take the date of issue of invoice for such excess amount as the time of supply for such excess. <p>Discussion & Conclusion:-</p> <p>(i) If Z Ltd makes the payment of ₹ 5,500:-</p> <ul style="list-style-type: none"> ➤ In the given case, excess amount paid is ₹ 500 (which is not exceeding Rs. 1000) as the January, 20XX bill was for Rs. 5000 & payment made Rs. 5500. ➤ Therefore, time of supply of such excess amount is 05/03/20XX i.e. date of invoice for such excess as per proviso to section 13(2). <p>(ii) If Z Ltd makes the payment of ₹ 6,500:-</p> <ul style="list-style-type: none"> ➤ Here, the excess payment is ₹1500 which exceeds Rs. 1000. ➤ In such case, above proviso is not applicable. ➤ Therefore, as per section 13(2), the time of supply shall be the date of receipt of such excess advance amount.

Author Note:-

Provision under section 12(4)/12(5)/12(6) for goods & Section 13(4)/13(5)/13(6) for services are same & proviso regarding time of supply if excess amount is received upto 1000 is same for goods as well as services

Question 9

M/s ABC Ltd., a registered supplier of goods at Maharashtra who pays GST under regular scheme, has made the following transactions (exclusive of tax) during July 20XX:

Particulars	IGST(₹)	CGST (₹)	SGST(₹)
Output tax payable	14,75,000	28,34,000	28,34,000
Tax payable under reverse charge	36,000	1,44,000	1,44,000
Balance in Electronic Credit Ledger*	26,52,000	18,32,000	18,32,000

*Balance in E-Credit ledger is including ITC of RCM

Compute the net tax payable in cash while filing the said return as well as the interest payable for the delayed remittance of tax for 60 days.

Answer:-

Interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date shall be levied only on tax paid through electronic cash ledger.

In the given case, since return is filed belatedly, net tax payable in cash and interest thereon is computed as follows:

Particulars	IGST(₹)	CGST (₹)	SGST(₹)
Output tax payable for July	14,75,000	28,34,000	28,34,000
Less: Utilisation of ITC [Note]	(14,75,000)	(5,88,500)	(5,88,500)
1) IGST: 26,52,000	0	(18,32,000)	0
2) CGST: 18,32,000	0	0	(18,32,000)
3) SGST: 18,32,000	0	0	(18,32,000)

Amount payable through electronic cash ledger (A)	Nil	4,13,500	4,13,500
Tax payable under reverse charge (B)	36,000	1,44,000	1,44,000
Total amount payable through electronic cash ledger [A+B]	36,000	5,57,500	5,57,500
Interest payable @ 18% per annum (rounded off)	1,065 [36,000* 18%*60/ 365]	16,496 [5,57,500* 18%*60/ 365]	16,496 [5,57,500* 18%*60/ 365]

Note:

As per section 49(5) read with rule 88A, ITC of-

- IGST is utilised towards payment of IGST first and then CGST and SGST in any proportion and in any order.
- CGST is utilised towards payment of CGST and IGST in that order. ITC of CGST shall be utilized only after ITC of IGST has been utilised fully.
- SGST is utilised towards payment of SGST and IGST in that order. ITC of SGST shall be utilized only after ITC of IGST has been utilised fully

Question 10

Mr. A has given the following information

Month	Opening balance in electronic credit ledger [A]	Eligible ITC (B)	ITC wrongly availed (C)	Total ITC (D) = (A+B+C)	Output liability (E)	Due date of return filing	Actual date of filing Return
April	-	7,00,000	50,000	7,50,000	7,00,000	20 May XX	20 May XX
May	50,000	5,00,000	-	5,50,000	5,00,000	20 Jun XX	20 Jun XX
June	50,000	3,00,000	-	3,50,000	3,30,000	20 Jul XX	20 Jul XX
July	20,000	6,00,000	-	6,20,000	6,10,000	20 Aug XX	18 Aug XX
Aug	10,000	5,00,000	-	5,10,000	5,10,000	20 Sep XX	25 Sep XX

Determine the date from when interest is applicable in above cases & also calculate the amount of interest if wrongly availed and utilized ITC is reversed in the September return i.e. 20 October 20XX

Answer:- Calculation of amount on which interest is payable under rule 88B

Month	Opening balance in electronic credit ledger [A]	Eligible ITC (B)	ITC wrongly availed (C)	Total ITC (D) = (A+B+C)	Output liability (E)	Closing balance in E-credit ledger (F) = (D-E)	Amount on which interest is applicable
April	-	7,00,000	50,000	7,50,000	7,00,000	50,000	-
May	50,000	5,00,000	-	5,50,000	5,00,000	50,000	-
June	50,000	3,00,000	-	3,50,000	3,30,000	20,000	30,000
July	20,000	6,00,000	-	6,20,000	6,10,000	10,000	10,000
Aug	10,000	5,00,000	-	5,10,000	5,10,000	-	10,000

- 1) Date of filing the return is the date of utilization of ITC.
- 2) Interest is calculated period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount
- 3) Calculation of Interest - As per sec 50(3) read with rule 88B,

April & May :- ITC of ₹50000/- was wrongly availed but the same was not utilised, so interest is not applicable.

June:- Wrongly availed ITC of ₹50000/- is carried forward to the June month, however ₹30000/- is utilised out of 50000 when we had shortage of eligible ITC (₹30000/-) to adjust against the output liability of ₹330000/-, interest shall be applicable on ₹30000/- as the same is utilised by filing the return of June month i.e. from 20th July 20XX.

Calculation of Interest -

Amount of wrongly utilized ITC - 30,000

Rate of Interest - 18 % p.a

Date of utilization of ITC - 20th July 20XX

Date of Reversal of ITC - 20th October 20XX

Interest = 30,000 * 18% * 93 days / 365 = 1376

July:- Out of ₹50000/-, ₹30000/- was already utilised and the balance of ₹20000/- was carried forward to the July month. Since eligible ITC (₹600000/-) is lesser than the output liability of ₹610000/- and the remaining wrongly availed ITC of ₹10000 is utilised, therefore interest shall be applicable for ₹10000/- from the date of filling the return i.e. 18th August 20XX.

Calculation of Interest -

Amount of wrongly utilized ITC - 10,000

Rate of Interest - 18% p.a

Date of utilization of ITC - 18th Aug 20XX

Date of Reversal of ITC - 20th October 20XX

Interest = 10,000 * 18% * 64 days / 365 = 316

Aug:- Out of 50000/-, ₹40,000/- was already utilised and the balance of ₹10000/- was carried forward to the Aug month. Since eligible ITC (₹500000/-) is lesser than the output liability of ₹510000/- and the remaining wrongly availed ITC of ₹10000 is utilised, therefore interest shall be applicable for ₹10000/- from the date of filling the return i.e. 25 Sep 20XX.

Calculation of Interest -

Amount of wrongly utilized ITC -10,000

Rate of Interest - 18% p.a

Date of utilization of ITC - 20 September 20XX

Date of Reversal of ITC - 20th October 20XX

Interest = 10,000 * 18% * 31 days / 365 = 153

Note:- For the calculation of no. of days the date of utilization and date of reversal or date of payment of Tax is consider.

Question 11

ABC Ltd. of Bengaluru is a manufacturer and registered supplier of machine. It has provided the following details for the month of November, 20XX.

Details of GST paid on inward supplies during the month

Particular	GST Paid(₹)
Health insurance of factory employees	20,000
Raw materials for which invoice has been received and GST has also been paid for full amount but only 50% of material has been received, remaining 50% will be received in next month.	18,000
Work contractor's service used for installation of plant and machinery.	12,000
Purchase of manufacturing machine directly sent to job worker's premises under challan.	50,000
Purchase of car used by director for the business meetings only.	25,000
Outdoor catering service availed for business meetings	8,000
Rent-a-cab facility availed for employees to fulfil a statutory obligation	40,000
Purchase of 5 apple i-pads which were given as gift to employees	1,00,000
Purchased cement, paint, iron rods and services of architects and interior designers for construction of a commercial complex for one of its clients	55,000
ABC Ltd. availed maintenance & repair services from "Jaggi Motors" for a truck used for transporting its goods.	35,000
Electrical transformers to be used in the manufacturing process	80,000
Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	50,000
Inputs purchased, but stolen from the factory	30,000
Purchase of accessories which were delivered directly to the dealers of the company on the direction of ABC Ltd. [Only invoice was received by ABC Ltd.]	25,000

Purchase of raw materials from Mr. Krishna, a registered person who is paying tax under composition scheme	80,000
Goods purchased from XYZ Ltd., the details of which are not uploaded in GSTR - 1 by XYZ Ltd. but tax is deposited to Government within due date	20,000

ABC Ltd. also provides service of hiring of machines along with manpower for operation. As per trade practice machines are always hired out along with operators and also operators are supplied only when machines are hired out. Receipts on outward supply (exclusive of GST) for the month of November, 20XX are as follows:

Particular	GST paid (₹)
Receipt from Sale of Machine	25,00,000
Hiring receipts for machine	5,25,000
Service charges for supply of man power operators	12,35,000

Assume all the transactions are inter State and the rates of IGST to be as under:

- (i) Sale of machine 5%
- (ii) Service of hiring of machine 12%
- (iii) Supply of man power operator service 18%

Compute the amount of input tax credit available and also the net GST payable for the month of November 20XX by giving necessary explanations for treatment of various items.

Note: Opening balance of input tax credit is Nil

Answer:-

Computation of net GST payable by ABC Company Ltd.

Particular	IGST payable (₹)
Gross GST liability [Refer working note (2) below]	3,36,200
Less: Input tax credit [Refer working note (1) below]	2,97,000
Net GST liability	39,200

Working Notes:**(1) Computation of Input Tax Credit (ITC) available with ABC Company Ltd. in the month of November 20XX**

Particular	GST (₹)
Health insurance of factory employees [Note – 1]	Nil
Purchase of Raw material [Note – 2]	Nil
Works contractor's service used for installation of plant and machinery [Note -3]	12,000
Manufacturing machinery directly sent to job worker's premises under challan [Note -4]	50,000
Purchase of car used by director for business meetings only [Note -5]	Nil
Outdoor catering service availed for business meetings [Note -6]	Nil
Rent-a-cab facility availed for employees to fulfil a statutory obligation [Note 7]	40,000
Apple i-pads given as gifts to the employees [Note 8]	Nil
Purchased cement, paint, iron rods and services of architects & interior designers [Note 9]	55,000
Maintenance & repair services [Note 10]	35,000
Electrical transformers to be used in the manufacturing process [Note 11]	80,000
Computers purchased (Depreciation is claimed on GST portion under It Act, 1961) [Note 12]	Nil
Inputs purchased, but stolen from the factory [Note 13]	Nil
Purchase of accessories delivered directly to dealers of company [Note 14]	25,000
Purchase of raw material from Mr. Krishna [Note 15]	Nil
Goods purchased from XYZ Ltd [Note 16]	Nil
Total ITC available	2,97,000

(2) Computation of gross GST liability

	Value received (₹)	Rate of GST	GST payable (₹)
Receipt from Sale of machine	25,00,000	5%	1,25,000
Hiring receipts for machine	5,25,000	12%	63,000
Service charges for supply of manpower operators [Note 17]	12,35,000	12%	1,48,200
Gross GST liability			3,36,200

Notes:

- 1) **As per section 17(5)(b) of the CGST Act 2017**, ITC of health insurance is **blocked** since said services are not obligatory for employer to provide to its employees under any law.
- 2) **As per Proviso to section 16(2) of the CGST Act 2017**, Where the goods against an invoice are received in lots/instalments, ITC is allowed upon receipt of the **last lot/instalment**, Thus, ABC Company Ltd. will be entitled to ITC of raw materials on receipt of second instalment in December 20XX
- 3) **As per Section 17(5)(c) of CGST Act 2017**, ITC on works contract services is **blocked** when supplied for construction of immovable property (other than plant and machinery) except when the same is used for further supply of works contract service.

Though in this case, the works contract service is not used for supply of works contract service, ITC thereon will be **allowed** since such services are being used for installation of plant and machinery.
- 4) **As per Section 19(5) of CGST Act, 2017** read with rule 45 of CGST Rules, ITC on capital goods directly sent to job worker's premises under challan is **allowed**.
- 5) **As per Section 17(5)(a) of CGST Act 2017**, ITC on motor vehicles is **allowed** only when the same are used for:
 - (i) for making taxable supply of-
 - a) further supply of such vehicles,
 - b) transportation of passengers,
 - c) imparting training on driving, flying, navigating such vehicles and for transportation of goods.

(ii) Since ABC Company Ltd is a supplier of machine and it does not use the car for transportation of goods, ITC thereon will not be available

- 6) **As per Sec 17(5)(b)(i) of the CGST Act 2017**, ITC on outdoor catering is **blocked** except where the same is used for making further supply of outdoor catering or as an element of a taxable composite or mixed supply. Since ABC Company Ltd is a supplier of machine, ITC thereon will not be available.
- 7) **As per sec 17(5)(b) of the CGST Act 2017, ITC is not blocked** on rent-a cab services where the government notifies services which are obligatory for an employer to provide to its employees.
- 8) **As per sec 17(5)(h) of the CGST Act 2017**, ITC in respect of goods that are disposed of by way of gifts is **blocked**.
- 9) **As per Sec 17(5)(d) of the CGST Act, 2017**, ITC on goods and/or services received by a taxable person for construction of an immovable property (other than plant and machinery) on his own account is **blocked** even though such goods and/or services are used in the course or furtherance of business.

In the given case, taxable person has used the goods and services for construction of immovable property for some other person and not on its own account. Thus, **ITC in this case will be allowed**

- 10) **As per section 17(5) (ab) of the CGST Act 2017**, ITC is **allowed** on repair and maintenance services relating to motor vehicles, which are eligible for input tax credit.

Further, **as per section 17(5)(a)**, ITC is allowed on motor vehicles which are used for transportation of goods.

- 11) **As per sec 16(1) of CGST Act 2017**, ITC is **available** on goods used in the course or furtherance of business.
- 12) **As per section 16(3) of CGST Act 2017**, if depreciation has been claimed on the tax component of cost of capital goods and plant and machinery under Income-tax Act, 1961, then ITC is not allowed on the said tax component
- 13) **As per sec 17(5)(h) of CGST Act**, ITC is **blocked** on goods stolen.
- 14) **As per explanation to section 16(2)(b)**, goods delivered to a third person on direction of registered person are deemed to have been received by such registered person. So, **ITC is available to registered person** even though he did not receive the goods.
- 15) **As per sec 17(5)(g) of CGST Act**, ITC is blocked on goods on which tax is paid under composition scheme (Sec 10)

16) As per **section 16(2)(aa)** of CGST Act, **ITC is not available**, if supplier has not reported the invoice in his GSTR-1, even though the tax is deposited to Government within due date, since all conditions are to be satisfied u/s 16(2) to avail ITC.

17) Since machine is always hired out along with operators & operators are supplied only when the machines are hired out, it is a case of composite supply, wherein the principal supply is the hiring out of machines [**Section 2(30) of the CGST Act, 2017 read with section 2(90) of that Act**].

Therefore, service of supply of manpower operators will also be taxed at the rate applicable for hiring out of machines (principal supply), which is **12%, in terms of section 8(a) of the CGST Act, 2017**.

Question 12

ABC Ltd., a registered supplier in Surat, Gujarat has calculated output net GST liability after adjusting ITC in the books for the month of February, 20XX:-

CGST : ₹ 3,00,000

SGST : ₹ 2,50,000

IGST : ₹ 3,00,000

During the above month, the following additional information is provided by ABC Ltd.:-

Sl. No	Particulars	Amount [excluding GST]
1	The company had given on hire 5 trucks to one of the transporters of Vadodara (a goods transport agency) for transporting goods for 10 days. The hiring charges for the trucks were ₹ 7,500 per truck per day.	3,75,000
2	The company sold goods to X & Co. of Delhi on 6th January, 20XX with a condition that interest @ 2% per month will be charged on invoice value if X & Co. failed to make payment within 30 days of the delivery of the goods. Goods were delivered and also the invoice was issued on 6th January, 20XX. X & Co. paid the consideration for the goods on 20th February along with applicable interest.	5,00,000

3	The company sought legal consultancy services for its business from A & Advocates, a partnership firm of advocates situated at Bhuj, Gujarat.	1,50,000
4	The company ordered 3,000 packets of tools which are to be delivered by the supplier of Delhi via 3 lots of 1,000 packets monthly. The supplier raised the invoice for full quantity in February, 20XX and the last lot would be delivered in April, 20XX.	5,00,000
5	The company supplied 10,000 packets of tools to one of its customer at ₹10/- per packet in Gujarat in January, 20XX. Afterwards, the company re-values it at ₹ 9 per packet in February, 20XX and the company issued credit note to the customer for ₹ 1 per packet.	

The rate of GST is 9% CGST, 9% SGST and 18% IGST.

You are required to compute the actual net liability of GST to be paid in cash along with working notes for the month of February, 20XX. [CA Inter Dec 21 Exam]

Answer:-

Computation of net GST liability of ABC Ltd. to be paid in cash for February, 20XX:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Net output GST liability as given		3,00,000	3,00,000	2,50,000
Add: Trucks given on hire to goods transport agency (GTA) [Note 1]	3,75,000	-	-	-
Add: Interest on delayed payment of 15 days (6th February, 20XX to 20th February, 20XX) [Note 2]	5,000 [5,00,000 × 2% × 15/30]	763 [5000X 18/118]	-	-
Total output tax liability		3,00,763	3,00,000	2,50,000

Less: ITC in respect of legal services paid as reverse charge is available	1,50,000		(13,500) [1,50,000 × 9%]	(13,500) [1,50,000 × 9%]
Net output tax liability (A)		3,00,763	2,86,500	2,36,500
Legal consultancy services received (B) [Note 3]	1,50,000		(13,500) [1,50,000 × 9%]	(13,500) [1,50,000 × 9%]
Total GST payable in cash [(A) + (B)]		3,00,763	3,00,000	2,50,000

Notes:-

- Services of giving a means of transportation of goods on hire to a GTA are exempt.
- Interest on delayed payment collected is assumed to be inclusive of GST.
- Tax is payable under reverse charge on legal services received by a business entity from a partnership firm of advocates. Further, tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.
- ITC on goods received in lots is available on receipt of last lot. Hence, ITC on tools received will not be available in February, 20XX.
- Since discount given by ABC Ltd. on the packets of tools was not known at the time of supply, it shall not be excluded from its value of supply.

Assumption:-

It is assumed that the aggregate turnover of ABC Ltd. in the preceding FY was above the threshold limit for registration under GST law.

Questioner 13

Kaira Air Ltd. located in Anand, Gujarat is engaged in manufacturing of Air Coolers and Air Purifiers. They supply goods all over India and their aggregate turnover during F.Y. 20XX-YY was ₹ 125 lakh. The details of various activities undertaken during the month of September, 20YY are as follows:-

Sl. No	Particulars	Amount
i	Outward supplies made during the month:- (a) Within Gujarat 11,00,000 (b) Outside Gujarat 3,00,000	14,00,000
ii	On 5th September, 20YY, the company had issued 10 exchange vouchers @ 1,000 each of which can be exchanged/redeemed against purchase of Air cooler worth ₹ 10,000 each at any of the company's outlets in the State of Gujarat. Out of the above, 7 vouchers were encashed during the month of September, 20YY & rest 3 were encashed during the month of October, 20YY	
iii	Purchase of material within Gujarat which includes material worth ₹3,00,000 purchased from M/s. Kalpana Industries registered as a Composition dealer.	8,00,000
iv	In respect of few invoices worth ₹ 1,00,000 raised during the month of June, 20YY, the stipulated condition was to pay the dues within 1 month from the date of raising of invoices, otherwise interest @ 24% was payable on supplies made against such invoices. The buyers failed to pay the dues within the stipulated time and made the payment together with interest of ₹ 11,200 during the month of September, 20YY.	
v	Bought air tickets from Ahmedabad to Guwahati Airport, Assam for its marketing executives. The total fare of the tickets was ₹ 60,000 out of which ₹ 55,000 is the basic fare. Applicable GST rate is 5% on basic fare for air tickets.	

vi	Send 10 managers for 15 days training course organized by IIM Ahmedabad, Gujarat on 5th September, 20YY. The IIM provides Participation Certificates at the end of the course.	50,000
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The Rates of GST applicable on various supplies are as follows:-

Nature of Supply	CGST	SGST	IGST
Goods	6%	6%	12%
Services other than item of S. No. (v)	9%	9%	18%
Composition Supplies	2.5%	2.5%	-

Opening balances of input tax credit as on 1st September, 20YY were as follows:-

CGST	SGST	IGST
4,000	10,000	5,000

All the figures mentioned above other than S. No. (iv) are exclusive of taxes. Both Inward & Outward supplies within the State of Gujarat are Intra State supplies and outside Gujarat supplies are Inter State Supplies. Calculate the amount of tax payable in cash by Kaira Air Ltd. for the month of September, 20YY. Brief and suitable notes should form part of your answer. [CA IPC July 21 Exam]

Answer:- Computation of tax payable in cash by Kaira Air Ltd. for September, 20YY:-

Particular	Amount(₹)	IGST (₹)	CGST (₹)	SGST (₹)
Output tax Liability				
Outward supplies within Gujarat	11,00,000 @ 6%	-	66,000	66,000
Outward supplies outside Gujarat	3,00,000 @ 12%	36,000	-	-
Supply of 10 exchange vouchers (Note 1)	10,000 @ 6%		600	600

Interest for delayed payment (Note 2)	10,000 [11,200 x 100/ 112]	1,200		
Total output tax liability (A)		37,200	66,600	66,600
Less:- Input tax credit (ITC)				
Opening balance		5,000	4,000	10,000
Purchase of material within Gujarat (Note 3)	5,00,000 [₹ 8,00,000 -₹ 3,00,000] @ 6%	-	30,000	30,000
Air tickets from Ahmedabad to Guwahati(Note 4)	55,000	-	-	-
Training course organized by IIM, Gujarat (Note 5)	50,000 @ 9%	-	4,500	4,500
Total ITC (B)		5,000	38,500	44,500
Net GST payable in cash =(A)-(B)		32,200	28,100	22,100

Notes:-

- As per **section 12(4)** of CGST Act, 2017, Since supply is identifiable at the time of issue of the 10 vouchers, the **time of supply is the date of their issue** and are thus the same are taxable in September itself irrespective of the time of their redemption.
- Interest on delayed payment of consideration is Includible in value and taxable when the same is received, i.e. in September.
 - It has been assumed that interest for delayed payment has been collected in respect of inter-State sale & also assumed that it is inclusive of GST.
- No credit** on material purchased from **composition dealer as he cannot collect** any tax from the recipient on supplies made by him.
- Transportation of passengers by Air in Economy class embarking from or terminating in an airport located in Assam are exempt, here we are assuming that passengers are travelling in Economy class.

- Training course organized by IIM, Gujarat is **not exempt**. These are short duration programmes offered by IIMs for which participation certificate is awarded **are not 'qualification recognized by law'**.

Alternative as per ICAI:-

Interest on delayed payment can also be assumed in respect of intra-State sale & ans will change to this effect.

Question 14

Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption

- He has made the following outward taxable supplies for the month of September 20XX:**

Intra-State supply of goods ₹25,00,000

Inter-State supply of goods ₹5,00,000

- He has also made the following inward supply:**

Intra-State purchase of goods from registered dealer ₹14,00,000

Intra-State purchase of goods from unregistered dealer ₹2,00,000

Inter-State purchase of goods from registered dealer ₹4,00,000

- Balance of ITC at the beginning of September 20XX:**

CGST ₹95,000

SGST ₹60,000

IGST ₹50,000

- Additional Information:**

He purchased a car (Intra-State supply) used for business purpose at a price of ₹6,72,000/- (including CGST of ₹36,000 & SGST of ₹36,000) on September 15, 20XX. He capitalized the full value including GST in the books on the same date to claim depreciation.

Out of Inter-State purchase from registered dealer, goods worth ₹1,00,000 were received on October 3, 20XX due to road traffic jams

Note:

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

Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of September, 20XX. [CA Inter Exam May 19 New]

Answer:-**1. Computation of net GST payable in cash of Mr. Himanshu for the month of September, 20XX**

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Total Output Tax liability				
Intra-State outward supplies of goods	25,00,000	-	2,25,000	2,25,000
Inter-State outward supplies of goods	5,00,000	90,000	-	-
Total output tax liability (A)		90,000	2,25,000	2,25,000
Input Tax Credit				
Brought forward ITC (Given)		50,000	95,000	60,000
Intra-State purchase of goods from registered dealer [Note-1]	14,00,000	-	1,26,000	1,26,000
Inter-State purchase of goods from registered dealer [Note-1 & Note 4]	3,00,000	54,000	-	-
Intra-State purchase of goods from unregistered dealer [Note-2]	2,00,000	-	-	-
Purchase of car used for business purpose [Note-3]		-	-	-
Total ITC (B)		1,04,000	2,21,000	1,86,000

2. Computation of Net GST Liability:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Total output tax liability	90,000	2,25,000	2,25,000
Less: Input Tax Credit	-		
IGST: ₹ 1,04,000 [Note-5]	(90,000)	(4,000)	(10,000)
CGST: ₹ 221000	-	(2,21,000)	-
SGST: ₹ 186000	-	-	(1,86,000)
Net GST Payable in cash	Nil	Nil	29,000

Notes:-

- Every registered person is entitled to take credit of input tax charged on any inward supply of goods used/intended to be used in the course/furtherance of his business
- Intra-state supplies received by a registered person from any unregistered supplier in this case, are not falling under the supplies notified u/s 9(4) and thus no tax is required to be paid in RCM by recipient.
Since no tax has been paid, no credit is available.
- As per **sec 16(3)**, Input tax paid on capital goods cannot be availed as ITC if depreciation has been claimed on such tax component.
Moreover, ITC on motor vehicle (car) is blocked under section 17(5) of CGST Act, 2017.
- As per **Sec 16(2)(b)**, A registered person is entitled to avail input tax in respect of any supply of goods to him only if he has actually received the said goods.
Since goods worth ₹ 1,00,000 have not been received by Mr. Himanshu in the month of September 20XX, credit in respect of same cannot be claimed in the said month.
Note:- It will be claimed in October 20XX when goods will be received.
- IGST credit is first utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion

Question 15

Neelkanth Pvt. Ltd., a registered supplier of goods and services at Kolkata has furnished the following information for the month of February:

S.No.	Particulars	Amount (₹)
(i)	Intra-State supply of taxable goods including ₹1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15th February	4,00,000
(ii)	Purchase of goods from a composition dealer, registered in Kolkata	5,50,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
(iv)	Membership of a club availed for employees working in the factory (It is an intra-State transaction)	1,75,000
(v)	Goods transport services received from a GTA. GST is payable @12% (It is an inter-State transaction)	2,00,000
(vi)	Inter-State services provided by way of training in recreational activities relating to sports	10,000
(vii)	Inter-State security services provided to ABC higher secondary school for their annual day function organised in Fintex Auditorium outside the School campus	15,000
(viii)	Inputs to be received in 4 lots, out of which 2nd lot was received during the month	40,000

The company has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	50,000

Note:

- (i) Rates of CGST, SGST and IGST are 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.
- (iv) The turnover of Neelkanth Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.

Compute the minimum GST, payable in cash, by Neelkanth Pvt. Ltd. for the month of February. Make suitable assumptions as required [CA Inter RTP Nov 22]

Answer:-

1) Computation of GST Payable on outward supplies:

Particulars	Value	IGST @ 18%	CGST @ 9%	SGST @ 9%
Intra-State supply of goods (Note-1)	4,00,000	-	36,000	36,000
Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (Note-2)	18,000	-	9,000	9,000
Services provided by way of training in recreational activities relating to sports (Note-3)	10,000	1,800	-	-
Inter-State security services provided to ABC higher secondary school for their annual day function held in Fintex Auditorium (Note-4)	15,000	2,700	-	-
Total GST payable		4,500	45,000	45,000

2) Computation of Total ITC

Particulars	IGST ₹ 18%	CGST ₹ 9%	SGST ₹ 9%
Opening ITC (Given)	50,000	57,000	-
Add: Purchase of goods from a composition dealer (Note-5)	-	-	-
Add: Membership of a club (Note-6)	-	-	-
Add: Goods transport services received from GTA (Note-7)	24,000	-	-
Add: Inputs to be received in 4 lots, out of which 2nd lot was received during the month (Note-8)	-	-	-
Total ITC	74,000	57,000	-

3) Computation of minimum GST payable:

Particulars	IGST ₹ 18%	CGST ₹ 9%	SGST ₹ 9%
Total Output tax liability	4,500	45,000	45,000
Less: Input tax Credit	-	-	-
IGST: 74,000 [Note-9]	(4,500)	(24,500)	(45,000)
CGST: 57,000	-	(20,500)	-
SGST: Nil	-	-	-
Minimum GST payable in cash	Nil	Nil	Nil

Notes:

1) As per **Sec 12(2)**, read with notification 66/2017, the time of supply of goods shall be earlier of the following dates:-

- Date of issue of invoice or
- last date to issue the invoice u/s 31.

Further, As per notification 66/2017, the time of supply of goods is not on advance received & this is applicable to all registered persons **except** composition supplier.

Thus, liability to pay tax on the advance received in January will also arise in the month

of February, when the invoice for the supply is issued

- 2) Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are **exempt** but Labour contracts for repairing are thus, taxable.
- 3) Services by way of training or coaching in recreational activities relating to sports is **exempt** under only if provided by charitable entities registered under section 12AA of the Income-tax Act. Thus, in the given case, said service is taxable
- 4) Security services provided to ABC higher secondary School for Annual Day function organised outside the school campus will be taxable as only the security services performed within the premises of the higher secondary school are **exempt**
- 5) ITC is blocked u/s 17(5)(g) of CGST Act on goods on which tax is paid u/s 10.
- 6) ITC is blocked u/s 17(5)(b) of CGST Act as said service is not provided by employer to employee under any statutory obligation
- 7) GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA), provided GST is not payable @ 12%. Since in the given case, services have been received from a GTA where GST is payable @ 12% and recipient is one of the specified recipients, reverse charge provisions will not be applicable. In this case, input tax credit is available for the services received from GTA.]
- 8) As per **1st proviso to section 16(2)** of CGST Act, In case of goods received in lots, ITC can be taken only upon receipt of the last lot
- 9) IGST credit is first utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion

Question 16

'XY' of Kolkata is engaged in supply of various goods and services. It pays GST under regular scheme. The following information is provided by it for the month of July:-

Payments	Amount(₹)	Receipts	Amounts(₹)
Inter-State purchases of office stationery	1,40,000	Inter-State supply of office stationery	2,00,000
Repairing of lorry used to transport goods from warehouse to clients' location [Intra-State supply]	1,00,000	Intra-State supply of 500 combo packs containing one calculator and one diary	4,00,000
		Intra-State supply of services of business correspondent to Shubhvidhi Bank with respect to accounts in its urban area branch	4,00,000

The following additional information is provided by 'XY' in relation to the above receipts and payments:-

- (i) 10% of the inter-State supply of office stationery are made to unregistered persons.
- (ii) Each combo pack (containing a calculator and a diary) is priced at ₹ 800. The calculator and the diary are individually priced at ₹700 and ₹200 respectively.
- (iii) An invoice of ₹ 40,000 towards purchase of office stationery is missing and no other tax paying document is available in respect of such goods.
- (iv) All the figures mentioned above are exclusive of taxes, wherever applicable.
- (v) Rates of CGST, SGST and IGST for all services, office stationery and calculator are 9%, 9% and 18% respectively. Rates of CGST, SGST and IGST for diary are 14%, 14% and 28% respectively.

- (vi) Subject to the information given above, all the necessary conditions for availing input tax credit have been fulfilled. Details of opening balances of input tax credit as on 1st July is given here under:

Tax	Amounts(₹)
CGST	5,000
SGST	5,000
IGST	80,000

Compute the minimum net GST [CGST, SGST or IGST, as the case may be] payable in cash by 'XY' for the month of July. [CA Inter RTP Nov 2020]

Answer:- Computation of minimum net GST payable in cash by 'XY' for the month of July:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
(i) Calculation of Total tax liability:-				
Inter -State supply of office stationery [Note 1]	2,00,000	36,000 (2,00,000 X18%)	-	-
Intra-State supply of 500 combo pack of calculators and diaries [Note 2]	4,00,000 (500 X 800)	-	56,000 (4,00,000 X 14%)	56,000 (4,00,000 X 14%)
Intra-State supply of services of business correspondent to Shubhvidhi Bank with respect to accounts in its urban area branch (Note 3)	1,00,000	-	9,000 (1,00,000 X 9%)	9,000 (1,00,000 X 9%)
Total tax liability		36,000	65,000	65,000

(ii) Calculation of total Input Tax Credit (ITC):				
Brought forward ITC [Given]		80,000	5,000	5,000
Inter-State purchase of office stationery [Note 4]	1,00,000	18,000 (1,00,000 X 18%)		

Intra-State repairing of lorry used for transportation of goods [Note 5]	1,00,000		9,000 (1,00,000 X 9%)	9,000 (1,00,000 X 9%)
Total ITC		98,000	14,000	14,000
(iii) Calculation of Minimum net GST payable in cash:-				
Total tax liability [from (i)]		36,000	65,000	65,000
Less ITC				
IGST - 98,000		(36,000)	(11,000)	(51,000)
CGST - 14,000		-	(14,000)	X
SGST - 14,000		-	X	(14,000)
Minimum net GST payable in cash		Nil	40,000	Nil

Notes:-

1. Taxable supplies made by a registered person are liable to tax irrespective of whether they are made to a registered person or to an unregistered person.
2. Supply of calculator and diary as a combo pack with a single price of ₹ 800 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply which attracts highest rate of tax.
3. Services provided by a business facilitator/ business correspondent to a banking company only with respect to accounts in its rural area branch are exempt and not with respect to accounts in its urban area branch.
4. ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
5. ITC on motor vehicles used for transportation of goods is allowed & Further, ITC is allowed on repair and maintenance services relating to motor vehicles on which ITC is allowed.

Author's Note :-

1. IGST credit, after being set off against IGST liability, can be utilised against CGST and SGST liability in any order and in any proportion.
2. Thus, there cannot be one answer for the minimum net CGST and SGST payable in cash as amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST & SGST is also the same.

Question 17

Mr. Pethalal has obtained registration in the current financial year in Uttar Pradesh. His turnover in preceding financial year was ₹19,90,000. He is engaged in providing various services under one roof. He provides the following information pertaining to supplies made/input services availed by him during the month of September, 20XX:-

S.No.	Particulars	Amount
1	Funeral services	8,80,000
2	Services of warehousing of jaggery	50,000
3	Electrically operated buses given on hire to Municipal Corporation	5,00,000
4	Service provided to recognized sports body as commentator	2,00,000
5	Commission received as an insurance agent from insurance Company	65,000
6	Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	15,000
7	Amount charged as business correspondent for services provided to urban branch of nationalized bank for savings bank accounts	15,000
8	Security services (supply of security personnel) provided to Damodar Engineering College (DEC)* [registered under GST] for the security of the college premises* All the engineering courses run by DEC are recognised by the law [The All-India Council for Technical Education (AICTE)]	28,000
9	Supply value including cost of fuel for provision of renting of motor vehicle service to NPS Ltd.	88,000
10	Professional services provided to foreign diplomatic mission located in India	50,000

11	Services provided by way of a labour contract for repairing a single residential unit otherwise than as a part of residential complex	3,00,000
12	Interest received on fixed deposits of the company with Dhanvarsha Bank	3,50,000
13	Receipts from running a Boarding School (including receipts for providing residential dwelling service of ₹ 6,20,000 to students)	19,00,000
14	Interest received on credit card facilities extended	1,80,000
15	Renting of residential dwellings for use as a residence to an unregistered person	18,00,000
16	Fumigation of sugarcane in warehouse	50,000
17	Margin earned from trading in derivatives & futures	2,00,000

Further, he has received following services in the month of September:-

a)	Freight paid to unregistered goods transport agency for his business activities relating to serial number (1) above	1,00,000
b)	Legal advice received from M/s Kanoon Associates, a partnership firm, seeking advice in relation to a tax dispute of the business	50,000

All the transactions stated above are intra-State transactions and amounts given are exclusive of GST, wherever applicable.

Determine the GST liability of Mr. Pethalal for the month of September, 20XX with necessary explanation for treatment of each item. Rate of tax for both inward and outward supply is CGST and SGST @ 9% each except for the service of renting a vehicle for which CGST and SGST @ 2.5% each is applicable.

Answer:

Computation of net GST payable by Mr. Pethalal for the month of September:-

S.No.	Particulars	Amount (₹)	CGST (₹)	SGST (₹)
1.	Supplies on which Mr. Pethalal is liable to pay GST under forward charge:-			
2.	Funeral services [Note 1]	8,80,000		
3.	Services of warehousing of jaggery [Note 2]	50,000	4,500 (50000*9%)	4,500 (50000*9%)
4.	Services by way of giving on hire electrically operated buses to Municipality [Note 3]	5,00,000		
5.	Service provided to recognized sports body as commentator [Note 4]	2,00,000	18,000 (200000*9%)	18,000 (200000*9%)
6.	Commission received as an insurance agent from insurance company [Note 5]	65,000	-	-
7.	Commission received as business facilitator for services provided to urban branch of a nationalised bank with respect to savings bank accounts [Note 6]	15,000	-	-
8.	Amount charged as business correspondent for services provided to urban branch of nationalized bank for savings bank accounts [Note 6]	15,000	1,350 (15000*9%)	1,350 (15000*9%)
9.	Security services (supply of security personnel) provided to DEC for security of college premises [Note 7]	28,000	-	-
10.	Renting of motor vehicle service [Note 8] Alternative-I Alternative-II	88,000	- 2,200 (88,000* 2.5%)	- 2,200 (88,000* 2.5%)
11.	Professional services provided to foreign diplomatic mission located in India [Note 9]	50,000	4,500 (50,000*9%)	4,500 (50,000*9%)

12.	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note 10]	3,00,000	27,000 (3,00,000* 9%)	27,000 (3,00,000* 9%)
13.	Interest received on fixed deposits with Dhanvarsha Bank [Note 11]	3,50,000	-	-
14.	Receipts from Boarding School including receipts for residential dwelling service to students [Note 12]	19,00,000	-	-
15.	Interest received on credit card facilities extended [Note 13]	1,80,000	16,200 (1,80,000*9%)	16,200 (1,80,000*9%)
16.	Renting of residential dwelling for use as residence to an unregistered person [Note 14]	18,00,000	-	-
17.	Fumigation of sugarcane in warehouse [Note 15]	50,000	4,500 (50,000*9%)	4,500 (50,000*9%)
18.	Margin earned from trading in derivatives & futures [Note 16]	2,00,000	-	-
Value of taxable supply		9,33,000	-	-
Total tax liability on outward supplies (A)		-	78,250	78,250
ITC available on input services [Note 17]			Nil	Nil
Supplies on which Mr. Pethalal is liable to pay GST under reverse charge:				
Services received from GTA [Note 17]		1,00,000	2,500 (1,00,000*2.5%)	2,500 (1,00,000*2.5%)
Legal services received [Note 18]		50,000	-	-
Value of taxable supply		1,00,000	-	-
Total tax liability on inward supplies under reversecharge payable in cash [Note 19] (B)		-	2,500	2,500
Net GST payable (A) + (B)			80,750	80,750

Notes:-

- 1) Funeral services **are not supply** as they are covered in entry 4 of Schedule III to CGST Act, 2017 and thus, are outside the ambit of GST.
- 2) Warehousing of jaggery is not covered under any exemption and hence, **taxable**.
- 3) Service of giving on hire electrically operated vehicle (EOV) meant to carry more than 12 passengers is exempt. Buses are EOVs meant to carry more than 12 passengers & hence, service of giving them on hire to Municipal Corporation is **exempt** from GST.
- 4) Services provided to a recognized sports body by an individual only as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt. Thus, service provided as **commentator is liable to GST**.
- 5) Though commission for providing insurance agent's services to any person carrying on insurance business is liable to GST, the tax payable thereon is to be paid by recipient of service i.e., insurance company, under **reverse charge**. Thus, **Mr. Pethalal will not be liable to pay GST on such commission**.
- 6) Services provided by a business facilitator/business correspondent to a banking company with respect to accounts in its **rural area branch are exempt** from GST. Thus, services provided by him in respect of **urban area branch** of the bank **will be taxable**.
However, in respect of service provided as business facilitator, the tax thereon is to be paid by recipient of service i.e., banking company, under **reverse charge & not by Mr. Pethalal** whereas in respect of service provided as business correspondent, the tax is to be paid by Mr. Pethalal under forward charge.
- 7) Security services **performed** in an educational institution which is providing pre-school education and education up to higher secondary school or equivalent are exempt from GST. Thus, **security services provided to DEC are not exempt**. Further, the tax on security services (supply of security personnel) provided by any person other than a body corporate to a registered person is payable by the recipient under **reverse charge & not by Mr. Pethalal**.
- 8) **Alternative-I: It is assumed that motor vehicle is designed to carry passengers:**

Since services of renting of motor vehicle including cost of fuel with tax payable @

2.5% CGST/SGST is being provided by a non-body corporate to a body corporate, tax is payable by recipient – **NPS Ltd. – under reverse charge**.

Alternative-II: It is assumed that motor vehicle is designed to carry goods:

Not exempt.

- 9) Services given by a foreign diplomatic mission located in India are **exempt** from GST, but services provided to such mission are **taxable**.
- 10) Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt. Thus, Labour contracts for **repairing** are **taxable**.
- 11) Services of extending deposits, loans or advances in where consideration is represented by interest or discount (other than Interest involved in credit card services) are **exempt**.
- 12) Services provided by an educational institution to its students, faculty and staff are **exempt**. Boarding School providing education up to higher secondary school or equivalent is an educational institution since it provides composite supply of education service coupled with other services like providing dwelling units for residence & food to students where principal supply is **supply of education**.
- 13) Credit extended through credit cards is covered under the exception part of exemption and hence, service is **taxable**.
- 14) The residential dwelling is given on rent to an unregistered person for residence is **Exempt**
- 15) It is **taxable** as not covered under any exemption
- 16) Securities are neither goods, nor services & hence, trading in derivatives & Futures (i.e. securities) is **not a supply**.
- 17) GST on services provided by an **unregistered GTA to a registered person** is payable by the recipient of service i.e., the registered person, under reverse charge. Since in given case, GTA is unregistered, **Mr. Pethalal is liable to pay tax under reverse charge @ 5% (CGST @ 2.5% and SGST @ 2.5%)**.

Further, since said input services are being exclusively used for effecting non-taxable supplies [funeral services], **input tax credit of the GST paid on the same will not be available**.

- 18) Legal services provided by a partnership firm of advocates to a business entity (with an aggregate turnover up to such amount in preceding financial year (FY) as makes it eligible for exemption from registration under CGST Act) are exempt from GST. Since the aggregate turnover of Mr. Pethalal did not exceed ₹ 20 lakh [the applicable threshold limit for registration for Mr. Pethalal being a supplier of services] in preceding FY, legal **services received by him are exempt.**
- 19) As per **section 49(4)** of CGST Act, 2017, amount available in electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax as per section 2(82) & **will have to be paid in cash.**
- 20) Since all the transactions given hereunder are intra-State, **CGST and SGST are payable as per section 9(1)** of CGST Act, 2017.

Question 18

Determine whether the following transactions are liable to GST. Briefly explain the applicable statutory provisions in support of your conclusions.

- 1) Indian Institutes of Management (IIM), Indore organizes a placement drive for the students studying in the campus. Many multinational companies register for the placement program and pay the registration fee of ₹ 1,00,000. IIM, Indore is of the view that such consideration received from multinational companies for participating in the placement program is exempt from GST.
- What will be your answer, if IIM has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants
- 2) Housekeeping service provided by M/s. Clean Well to Him Varsha Montessori school, a play school, for cleaning its playground and classrooms - ₹ 25,000 per month.
- 3) India Corporations Ltd., a Public Sector Undertaking (PSU), has taken loan from a banking company - Wellness Bank. The loan was guaranteed by the Central Government. India Corporations Ltd. defaulted in the repayment of such loan.

- 4) Vedanta Hospital, Gurgaon has its own restaurant – Annapurna Bhawan – in the basement which supplies food to its in-patients (patients admitted in the hospital) as per the advice of the doctor/nutritionist. Annapurna Bhawan also supplies food to other patients (who are not admitted) or their attendants or visitors. The food is prepared by the employees of the hospital, and nothing is outsourced to any third-party vendors.
- 5) Mr. Ashok, a senior advocate from Mumbai, provided legal consultancy services to Mr. Sagar who is also an individual advocate having turnover of ₹ 15 lakhs in preceding financial year
- 6) Mr. Sam & Mr. Harry appointed a panel of 3 arbitrators for settlement of their personal dispute as per the Arbitration and Conciliation Act, 1996 & paid a fee of Rs. 1 lakh.
- 7) Rahul Agri Millers Ltd., located in Haryana, is engaged in customs milling of paddy into rice. It does not pay GST on the same as it is of the view that the process of milling of paddy into rice is exempt under GST since is an intermediate production process in relation to cultivation of plants.
- However, Department demands tax on said activity contending that it is not eligible for said exemption.
- 8) Kesar Maharaj, a renowned classical dancer gave a classical dance performance in an auditorium. The consideration charged for the said performance is ₹ 98,500. Is Kesar Maharaj liable to pay GST on the consideration received for the said performance, if such performance is not for promotion of any product/services?
- Will your answer be different if Kesar Maharaj gives Coaching in recreational activities relating to arts?
- What would be your, if Kesar Maharaj gives a contemporary Bollywood style dance performance in TV Serial?
- 9) Minimum balance charges collected by Dhanvarsha Bank from current account and saving account holders
- 10) Ram, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of ₹ 6,000.
- 11) The Resident Welfare Association (RWA) of Blue Heaven Housing Society in

Delhi provides the following information.

- a) Monthly subscription of ₹ 5,50,000 which is collected from member families (₹5,500 each from 100 families)
- b) Electricity charges amounting ₹ 3,50,000 levied by State Electricity Board on the members of RWA [The same was collected from members and remitted to the Board on behalf of members.]
- c) Proceeds from sale of entry tickets of ₹ 40,000 to a cultural programme conducted by the RWA in the park of Blue Heaven Housing Society [₹ 5,000 each member]

Answer:

1)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ all the IIMs fall under purview of “educational institutions” as they provide education as a part of a curriculum for obtaining a qualification recognized by law for the time being in force. ➤ Further, the services provided by an educational institution to its students, faculty and staff are exempt from GST vide exemption notification. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ However, in given case, services have been provided by the educational institution (viz. IIM, Indore), to the multinational companies. Thus, the same is not exempt from GST. ➤ In the second case, since Indian Institute of management (IIM) is an educational institution providing services by way of conduct of entrance examination against entrance fee, the same is exempt.
2)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ House-keeping services provided to an educational institution, which is providing pre-school education and a higher secondary school or equivalent, are exempt from GST, if such services are performed in such educational institution. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In given case, house-keeping services provided to Him Varsha Montessori Play School are exempt from GST, since housekeeping services have been performed in such play school itself.

3)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions are exempt from GST. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In present case, Central Government has guaranteed the loan taken by India Corporations Ltd. [a PSU], from Wellness Bank, [a banking company]. ➤ Thus, service provided by Central Government by way of guaranteeing the loan is exempt from tax
4)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ Health care services provided by a clinical establishment, an authorised medical practitioner or paramedics are exempt from GST. ➤ As per CBIC clarification, food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare services and is not separately taxable. Thus, it is exempt from GST. ➤ However, other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In given case, GST is not applicable on the food supplied by Annapurna Bhawan to in-patients as advised by doctors/nutritionists while other supplies of food by it to patients (not admitted) or their attendants/visitors are taxable
5)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ Legal service provided by a senior advocate to a business entity with an aggregate turnover up to such amount in preceding financial year as makes it eligible for exemption from registration under GST Acts is exempted under GST. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In given case, the turnover of Mr. Sagar in preceding financial year is not exceeding the threshold limit of Rs. 20 lakhs applicable for registration & thus, legal service provided to him by Mr. Ashok is exempt.

6)	<ul style="list-style-type: none"> ➤ Services provided by arbitral tribunal to any person other than a business entity is exempt. ➤ Since Mr. Sam & Mr. Harry are not business entities & hence, the given service is exempt.
7)	<p>Yes, the contention of the Department is correct.</p> <p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per exemption notification, carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals (except the rearing of horses) for food, fibre, fuel, raw material or other similar products or agricultural produce is exempt. ➤ Further, as per CBIC clarification, milling of paddy is not an intermediate production process in relation to cultivation of plants. It is a process carried out after the process of cultivation is over and paddy has been harvested. ➤ Further, processing of paddy into rice is not usually carried out by cultivators, but by rice millers. ➤ Milling of paddy into rice also changes its essential characteristics. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ Therefore, in given case, milling of paddy into rice cannot be an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. ➤ Hence, milling of paddy into rice is not eligible for exemption and GST is payable on the same.
8)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ Performance by an artist in folk or classical art forms of music, dance or theatre is exempt from GST, if consideration charged for such performance is not more than ₹ 1,50,000. However, exemption will not apply to service provided by such artist as brand ambassador. ➤ Training or coaching service in recreational activities relating to arts or culture by an individual is exempt from GST.

	<p>Discussion & conclusion:</p> <ul style="list-style-type: none"> ➤ In given case, classical dance performance by Kesar Maharaj is exempt from GST as consideration is ₹ 98,500 which does not exceed ₹ 1,50,000 & also, he is not promoting anything. Hence, he is not liable to pay GST. ➤ If Kesar Maharaj (an individual) provides coaching in recreational activities relating to arts, then he is not liable to pay GST as this service is specifically exempted if it is provided by an individual. ➤ If Kesar Maharaj gives a contemporary Bollywood style dance performance in TV Serials, then such performance will not be eligible for exemption because the performance is not in folk or classical art forms of dance. Hence, GST would be payable on the same.
9)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ Services of extending deposits, loans or advances where consideration is represented by interest or discount (other than interest involved in credit card services) are exempt. ➤ However, service charges/ fees, documentation fees, broking charges, administrative charges, entry charges or such like fees or charges collected over and above interest on loan, advance or a deposit are not exempt and liable to GST. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In view of the above, minimum balance charges collected by Dhanvarsha Bank from current account and saving account holders are not exempt and are liable to GST.
10)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ Services by way of fumigation in a warehouse of agricultural produce are not exempt from GST. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In the present case, since Gupta Pest Control Co. provides services by way of fumigation in the warehouse of sugarcane [being an agricultural produce], said services are taxable and GST is payable on the same.

11) **Legal Provision:-**

➔ Supply of service by unincorporated body or a non-profit entity registered under any law to its own members by way of reimbursement of charges or share of contribution **upto ₹ 7,500 per month per member** for sourcing goods or services from a third person for common use of its members in a housing society or residential complex **is exempt.**

Discussion & conclusion:

a)	It is exempt as collection is not exceeding ₹ 7500 per month per member.
b)	The collection is done as a ' pure agent ' & thus, shall not be included in value as per Rule 33 of CGST Rules
c)	The limit of ₹ 7,500 as discussed above is available for reimbursement of common expenses & not for other charges. This service is not covered under any other exemption & hence, taxable.

Question 19

Mahadev Enterprises, a sole proprietorship firm, opened a shopping complex dealing in supply of goods at multiple locations, i.e. in Himachal Pradesh, Uttarakhand and Tripura in the month of June.

It has furnished following details made at such multiple locations for the month of June:

Particulars	Himachal Pradesh (₹)	Uttarakhand (₹)	Tripura (₹)
Intra- State supply of taxable goods	21,50,000	-	7,00,000
Intra- State supply of exempted goods	-	-	6,00,000
Intra- State supply of non-taxable goods	-	21,00,000	40,000
Value of inward supplies on which tax is payable on reverse charge basis		Nil	5,00,000
Value of outward supplies on which tax is payable on reverse charge basis	1,00,000	-	-

*excluding GST

With the help of the above-mentioned information, answer the following questions giving reasons:-

- 1) Determine whether Mahadev Enterprises is liable to be registered under GST law and what is the threshold limit of taking registration in this case.
- 2) Explain with reasons whether your answer in (1) will change in the following independent cases:-
 - a) If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh. (assume no branch Uttarakhand & Tripura)
 - b) If Mahadev Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh.
 - c) If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh and has also effected inter - State supplies of taxable

goods (other than notified handicraft goods & notified hand-made goods) amounting to ₹4,00,000.

- d) If Mahadev Enterprises is exclusively dealing in taxable supply of Pan Masala from Himachal Pradesh

Determine eligibility of registration in following independent cases

- 3) If Mahadev enterprises engaged in wholesale cum retail trading of goods in the State of Tripura. Its aggregate turnover during the financial year is ₹ 9,00,000 which consists of ₹ 8,00,000 as Intra-State supply and ₹ 1,00,000 as Inter-State supply. Whether Mahadev enterprises is required to obtain registration?

What would be your answer if Mahadev enterprises is also acting as agent of Mr. Shanidev of Delhi.

- 4) Apart from above, Mahadev enterprises is also engaged in the business of buying and selling of shares on his own account from the secondary market and its income from this activity is assessed as business income under the Income-tax Act 1961. During the year its total sales from shares was ₹ 90 lakh. Comment

- 5) If Mahadev Enterprises supplying house-keeping services through an e-commerce website owned and managed by Hi-Tech Indya Pvt Ltd. The turnover of Mahadev Enterprises in the current financial year is ₹ 18 lakh. Advise Mahadev enterprises as to whether it is required to obtain GST registration

- 6) If the aggregate turnover of Mahadev enterprises in the state of Uttarakhand exceeded ₹ 20 lakh on 25th August, 20XX. It applies for registration on 19th September, 20XX and is granted registration certificate on 29th September, 20XX. Determine the effective date of registration
What will be your answer, if Mahadev enterprises submits the application for registration on 27th September, 20XX and is granted registration on 5th October, 20XX?

What would be your answer if it applied for registration on GST portal but missed to submit the details of its bank account. Its tax consultant advised that prior submission of bank details is mandatory to obtain registration. Examine whether the advice of Mahadev Enterprise's tax consultant is correct

7) Assuming that Mahadev Enterprises has two trading units located in Himachal Pradesh. Unit one located in Shimla is engaged in trading of food items and another unit located in Manali is engaged in trading of garments. Can separate registration be granted for its two units though located in same state? Explain.

8) Due to few errors in Registration certificate of Mahadev Enterprises, it decided to make amendment in registration Certificate. Discuss the procedure for amendment of registration under CGST Act and rules thereto?

9) Mahadev enterprises required to file return under section 39(1) for each month or part thereof, but it has not furnished returns for a continuous period of 6 months. Explain whether proper officer can cancel the registration of Mahadev enterprises on his own.

If yes, then discuss all the other situations also, where proper officer can do so.

Also discuss the circumstances where registration is liable to be cancelled by proper officer otherwise than on his own motion also.

10) What would be your answer in given case (9) above if Mahadev Enterprises applied for revocation of cancellation of registration and the order for revocation of cancellation of registration was passed. What are the provisions regarding filing returns before making such an application of revocation of cancellation of registration in the given case?

Answer:-

Legal Provision:-

➤ As per section 22 of CGST Act 2017 read with Notification No. 10/2019, a supplier is liable to be registered in the State/ Union territory from where he makes a taxable supply of goods and/or services if his aggregate turnover in a financial year exceeds the threshold limit.

- The threshold limit for a person making exclusive supply of services or supply of both goods and services is as under:-
 - ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
 - ₹ 20 lakh for the rest of India.
- The threshold limit for a person making exclusive intra-state supplies of goods:-
 - ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
 - ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
 - ₹ 40 lakh for rest of India.
- However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of notified goods, one of which is Pan masala.
- As per section 2(6) of CGST Act, 2017, "aggregate turnover" means the aggregate value of all:-
 - taxable supplies,
 - exempt supplies (wholly exempt, nil rated & Non-taxable)
 - exports &
 - inter-State supplies
 of persons having the same Permanent Account Number, to be computed on all India basis but excludes:-
 - central tax, State tax, Union territory tax, integrated tax and cess &
 - the value of inward supplies on which tax is payable by a person on reverse charge basis.

Discussion:-

In given case, the state-wise aggregate turnover of Mahadev Enterprises is computed as under:-

Particulars	Himachal Pradesh (₹)	Uttarakhand (₹)	Tripura (₹)
Intra- State supply of taxable goods	21,50,000	-	7,00,000
Intra- State supply of exempted goods	-	-	6,00,000

Intra- State supply of non-taxable goods [exempt supply includes non-taxable supply. Thus, intra-State supply of non-taxable goods in Uttarakhand, being a non-taxable supply, is an exempt supply and is, therefore, included in aggregate turnover]	-	21,00,000	40,000
Value of inward supplies on which tax is payable on reverse charge basis [Specifically excluded from the Aggregate turnover]	-	-	-
Value of outward supplies on which tax is payable on reverse charge basis	1,00,000	-	-
Aggregate Turnover	22,50,000	21,00,000	13,40,000

⇒ Mahadev Enterprises is engaged in **exclusive intra-State supply of goods** from Himachal Pradesh, Tripura and Uttarakhand. However, since it makes taxable supply of goods from one of the specified Special Category States (i.e. Tripura), it will **not be eligible for the higher threshold limit of ₹ 40 lakh**. Instead, the threshold limit for registration **will be reduced to ₹10 lakh**.

Conclusion :-

1)	<p>⇒ Mahadev Enterprises is liable to be registered under GST law with the aggregate turnover of ₹56,90,000 (computed on all India basis) in Himachal Pradesh & Tripura since the applicable threshold limit of registration in this case is ₹10 lakh.</p> <p>⇒ Further, he is not liable to be registered in Uttarakhand since he is not making any taxable supply from Uttarakhand.</p>
2)	<p>a) ⇒ If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh, the applicable threshold limit of registration would be ₹40 lakh.</p> <p>⇒ Thus, it will not be liable for registration as its aggregate turnover would be ₹22,50,000.</p>

b)	<p>⇒ If Mahadev Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh, then higher threshold limit of ₹ 40 lakh will not be applicable as the same applies only in case of exclusive supply of goods.</p> <p>⇒ Therefore, the applicable threshold limit will be ₹ 20 lakh and hence, Mahadev Enterprises will be liable to registration.</p>
c)	<p>⇒ In case of inter-State supplies of taxable goods other than notified handicraft goods or notified hand-made products, section 24 requires compulsory registration irrespective of the quantum of aggregate turnover.</p> <p>⇒ Thus, Mahadev Enterprises will be liable to registration.</p>
d)	<p>⇒ Though the enhanced threshold limit for registration of ₹ 40 lakh is available to Himachal Pradesh, the same will not be applicable if the person is engaged in supply of notified goods, one of which is Pan Masala.</p> <p>⇒ In view of the same, the applicable threshold limit for Mahadev Enterprises is ₹20 lakh.</p> <p>⇒ Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.</p>

3)

Legal Provision:-

- ⇒ As per **section 24** of CGST Act, 2017, person making **interstate taxable supply of goods (other than taxable supply of handicraft goods)** are compulsorily required to obtain registration irrespective of the quantum of aggregate turnover.
- ⇒ As per **Explanation to section 22** of CGST Act, 2017, aggregate turnover includes all supplies made by the taxable person,
 - whether on his **own account or**
 - made on **behalf of all his principals**.
- ⇒ If agent issues invoice in his own name, then section 24 gets attracted, otherwise he is liable to register u/s 22 if his aggregate turnover crosses the threshold limit for registration

	<p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In the first case, Mahadev enterprises is making inter-state taxable supply of goods. Thus, it is required to obtain registration compulsorily under GST laws even though its aggregate turnover does not exceed the threshold limit applicable u/s 22. ➤ In the second case, since Mahadev enterprises is also acting as an agent of Mr. Shanidev of Delhi, it is required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover. <p>Assumption:- It is assumed that agent is issuing invoice for further supply in his own name.</p>
4)	<ul style="list-style-type: none"> ➤ A supplier is liable to obtain registration in a State/Union Territory from where he makes taxable supply of goods and/or services. ➤ Shares are excluded from the definition of goods as well as services & hence, buying and selling of shares is not a supply of goods and/or services under GST law. ➤ Thus, Mahadev enterprises is not liable to obtain registration since it is not engaged in making a taxable supply of goods and/or services.
5)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 24(ix), person who supply goods or services or both, other than supplies specified under section 9(5), through electronic commerce operator (ECO) who is required to collect tax at source u/s 52, is mandatorily required to obtain registration irrespective of its turnover. ➤ However, if ECO is liable to pay tax on behalf of the suppliers of services under section 9(5), the suppliers of such services are entitled for threshold exemption. ➤ Further, Section 2(45) defines ECO as any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. ➤ Notification issued under section 9(5) specifies services of housekeeping, except where person supplying such service through ECO is liable for registration under section 22(1), as one such service where the ECO is liable to pay tax on behalf of suppliers

	<p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ Since Hi-Tech Indya Pvt Ltd. owns and manages a website for e commerce where both goods and services are supplied, it will be classified as an ECO under section 2(45) and it is presumed that Hi-Tech Indya is an ECO which is required to collect tax at source u/s 52. ➤ However, house-keeping services provided by Mahadev Enterprises, which is not liable for registration under section 22(1) as its turnover is less than ₹20 lakh through an ECO, is a service notified u/s 9(5). ➤ Thus, Mahadev Enterprises will be entitled for threshold exemption for registration and will not be required to obtain registration even though it supplies services through ECO. 						
6)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 22 read with section 25 of CGST Act, a supplier, whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State other than Manipur, Mizoram, Nagaland, Tripura, is liable to apply for registration within 30 days from the date of becoming liable to registration. ➤ Where the application is submitted within the said period, the effective date of registration is the date on which the person becomes liable to registration -otherwise it is the date of grant of registration. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In given case, applicable turnover limit for registration is ₹ 20 lakh as Uttarakhand is not a Special Category State. <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;">(i)</td> <td>Since Mahadev enterprises applied for registration within 30 days of becoming liable to registration, the effective date of registration is 25th August, 20XX.</td> </tr> <tr> <td style="text-align: center;">(ii)</td> <td>In this case, since Mahadev enterprises applies for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th October, 20XX.</td> </tr> <tr> <td style="text-align: center;">(iii)</td> <td>➤ No, the advice of Mahadev Enterprise's consultant that prior submission of bank details is mandatory to obtain registration is</td> </tr> </table>	(i)	Since Mahadev enterprises applied for registration within 30 days of becoming liable to registration, the effective date of registration is 25th August, 20XX.	(ii)	In this case, since Mahadev enterprises applies for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th October, 20XX.	(iii)	➤ No , the advice of Mahadev Enterprise's consultant that prior submission of bank details is mandatory to obtain registration is
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(ii)	In this case, since Mahadev enterprises applies for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th October, 20XX.						
(iii)	➤ No , the advice of Mahadev Enterprise's consultant that prior submission of bank details is mandatory to obtain registration is						

	<p>no more valid in law.</p> <p>➤ A new rule 10A has been inserted in the CGST Rules, 2017 to allow the registered person to furnish details of bank account which is in name of the registered person & obtained on Permanent Account Number (PAN) of the registered person, or any other information, as may be required on the common portal in order to comply with any other provision, soon after obtaining certificate of registration and a GSTIN.</p> <p>➤ But the information shall be furnished not later than 45 days from earlier of:-</p> <ul style="list-style-type: none"> ➢ the date of grant of registration certificate or ➢ the date on which the return required under section 39 is due to be furnished. <p>➤ In case of a proprietorship concern, the PAN of the proprietor shall also be linked with his Aadhaar number.</p>
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7)	<p>Yes, separate registration can be granted for two units under same PAN located in same state.</p> <p>Legal Provision:-</p> <p>➤ As per section 25(2) of CGST Act read with rule 11 of CGST Rules, a person having multiple places of business within a State or a Union territory can be granted separate registration in respect of each of its place of business subject to the following conditions:-</p> <ul style="list-style-type: none"> ➢ Such person has more than one place of business as defined section 2(85), ➢ Such person shall not pay tax under section 10 for any of his places of business if he is paying tax under section 9 for any other place of business, and ➢ GST is to be paid on supply made between these separately registered places of business of such person & tax invoice shall be issued for such supply. <p>➤ Separate registration application is to be filed for each place of business in Form GST REG-01.</p>
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	<p>Discussion & Conclusion:-</p> <p>➤ In given case, if Mahadev Enterprises, satisfies all the above conditions, separate registration can be granted to it even though the two units are located in same state.</p>
8)	<p>As per section 28 of CGST Act 2017 read with rule 19 of CGST Rules 2017, the procedure for amendment of registration is as under:-</p> <p>1) For any changes in particulars furnished in application for registration/UIN, registered person shall submit an application electronically at common portal, either at time of obtaining registration/UIN or as amended from time to time, within 15 days of such change along with related documents.</p> <p>2) If change relates to core fields of information, proper officer may approve or reject amendments in registration particulars & amendment shall take effect from the date of occurrence of event warranting such amendment.</p> <p>3) If change relates to non-core fields, registration certificate shall stand amended upon submission of application for amendment on Common Portal.</p> <p>(4) If a change in the constitution of any business results in change of PAN of a registered person, he shall apply for fresh registration because GSTIN is PAN based. Any change in PAN would warrant a new registration.</p>
9)	<p>➤ Yes, the proper officer can cancel the registration of Mahadev enterprises on his own after opportunity of being heard to it.</p> <p>➤ As per section 29(2) of CGST Act, 2017 read with rule 21 of CGST Rules, 2017, the circumstances under which proper officer can cancel the registration on his own of a registered person after giving the person an opportunity of being heard are as under:-</p> <p>(1) A registered person has contravened any of the following provisions of the GST law:-</p> <ul style="list-style-type: none"> a) he does not conduct any business from the declared place of business. b) he issues invoice/bill without supply of goods or services or both in violation of the provisions of GST law. c) he violates the provisions of anti-profiteering. d) he violates the provisions relating to furnishing of bank details.

- e) He avails input tax credit in violation of the provisions of section 16 of CGST Act or the rules made thereunder.
- f) furnishes the details of outward supplies in FORM GSTR-1 under section 37 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods.
- g) violates the provision of rule 86B.
- h) being a registered person required to file return under section 39(1) for each month or part thereof, has not furnished returns for a continuous 6 months.
- i) being a registered person required to file return under proviso to section 39(1) for each quarter or part thereof, has not furnished returns for a continuous 2 tax periods.
- (2) A person paying tax under **composition levy** has furnished the return for a financial year **beyond 3 months** from the due date of furnishing the said return.
- (3) Voluntarily registered person has **not commenced the business within 6 months** from the date of registration.
- (4) Registration was obtained by means of **fraud, wilful misstatement or suppression of facts.**
- ➔ **Further As per section 29(1) of CGST Act 2017**, following are the circumstances where proper officer may cancel the registration either:-
- on his own motion or
 - on an application filed by the registered person or
 - on an application filed by his legal heirs, in case of death of such person.
 - (a) If the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged, or otherwise disposed of.
 - (b) If there is any change in the constitution of the business.
 - (c) If the taxable person is no longer liable to be registered under section 22 or section 24 or intend to optout of the registration voluntarily made under section 25(3).
- ➔ Proper officer shall **not cancel** registration **without giving person an opportunity of being heard.**

10)

Legal Provision:-

- ➔ As per **section 30** of CGST Act, 2017 **read with Rule 23** of CGST Rules, 2017, where the **registration is cancelled suo-motu** by the appropriate officer, the registrant seeking revocation of the order, **has to apply for the revocation** of cancellation **within 30 days** from the date of service of the order of cancellation of registration.
- ➔ Further, it has to furnish **all the returns due** till the date of such cancellation **before the application for revocation can be filed.**
- ➔ Further, it should also pay any amount due as tax along with any amount payable towards interest, penalty, and late fee in respect of the said returns.

Discussion & Conclusion:-

- ➔ Thus, in the given case, **before making an application** for revocation of cancellation of registration, Mahadev Enterprises should **file all returns due** for the period.

Question 20

Answer the following questions with respect to casual taxable person (CTP) and Non-resident taxable person (NRTP) under the CGST Act, 2017: -

- a) Who is CTP & NRTP?
- b) Can a casual taxable person opt for the composition scheme?
- c) When is the CTP & NRTP liable to get registered?
- d) Is PAN being mandatory for registration of CTP and NRTP?
- e) What is the validity period of the registration certificate issued to a CTP and NRTP?
- f) Can the validity of registration certificate issued to a CTP and NRTP be extended? If yes, what will be the period of extension?

Answer :-

a)	<ul style="list-style-type: none">➤ As per section 2(20) of CGST Act, 2017, Casual taxable person means a person-<ul style="list-style-type: none">➤ who occasionally undertakes transactions involving supply of goods and/or services,➤ in the course or furtherance of business,➤ whether as principal, agent or in any other capacity,➤ in a State/UT where he has no fixed place of business.➤ As per section 2(77) of CGST Act, 2017, Non-resident taxable person means a person-<ul style="list-style-type: none">➤ who occasionally undertakes transactions involving supply of goods and/or services,➤ whether as principal, agent or in any other capacity,➤ but who has no fixed place of business or residence in India.
b)	<p>No, as per section 10(2) and 10(2A) of CGST Act, 2017, a casual taxable person cannot opt for the composition scheme</p>
c)	<ul style="list-style-type: none">➤ As per section 24 of CGST Act, 2017, a casual taxable person (CTP) is liable to obtain registration compulsorily under GST law.➤ CTP has to apply for registration at least 5 days prior to commencement of business as per section 25(1) read with proviso thereto.➤ However, if CTP is making taxable supplies of specified handicraft goods, then it is eligible for the threshold limit applicable as per section 22.➤ Whereas non-resident taxable person, should apply for registration at least 5 days prior to the commencement of business irrespective of the threshold limit.
d)	<ul style="list-style-type: none">➤ Yes, PAN is being mandatory for registration of casual taxable person.➤ However, PAN is not mandatory for registration of non-resident taxable person.<ul style="list-style-type: none">➤ He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN.➤ However, in case of a business entity incorporated or established

	<p>outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available.</p>
e)	<ul style="list-style-type: none">➤ As per section 27(1) of CGST Act read with proviso thereto, Registration Certificate granted to a casual taxable person & non-resident taxable person will be valid for earlier of:-<ul style="list-style-type: none">➤ period specified in the application for registration or➤ period of 90 days from the effective date of registration.➤ However, at the request of the said taxable person, the proper officer may extend the validity by a further period not exceeding 90 days.
f)	<ul style="list-style-type: none">➤ Yes, the validity of registration certificate issued to a casual taxable person and non-resident taxable person can be extended.➤ It can be extended by a further period not exceeding 90 days by making application before the end of period of validity of registration granted to him.

Question 21

Mr. Jai, a registered supplier, engaged in goods as well as services in Pune, Maharashtra. Some of the goods sold by him are exempt whereas some are taxable. You are required to answer the following questions:-

- 1) Whether Mr. Jai is required to issue a tax invoice in all cases, even if he is selling the goods to the end consumers?
- 2) Mr. Jai is supplying taxable goods to Mr. Vijay. He submits the account of total supplies made during the 2-month period on the 25th of alternate month. Do Mr. jai have to issue an invoice each time by dispatching the goods?
- 3) Mr Jai has sent 500 units on 20th of May 20XX of Microwaves for exhibition at Mumbai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/20XX at the exhibition. Out of remaining 200 units, 150 units have been brought back to Pune on 25/11/20XX and balance 50 units have neither been sold nor brought back.
Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by Mr. Jai.
- 4) Mr. Jai is also engaged in constructing a building for a client. The client is required to pay him on the completion of plinth, 1st floor, and 2nd floor. When should the invoice be raised in this case?
What would be your answer, if payment is to be made by client on 1st day of each quarter under the terms of contract.
- 5) For constructing a building for a client, Mr. Jai had undertaken a contract for supplying manpower for 28 days for ₹ 28,000/-. However, after 10 days, the service has stopped. Should Mr jai. raise an invoice?
- 6) Mr. Jai has provided catering services for an event of Birthday Party to his friend at Mumbai on 5th June, 20XX. Payment for the event was made on 19th June, 20XX. Determine the time of issue of invoice.
- 7) If Mr. Jai has opted for composition levy scheme in the current

financial year. Advice whether it is mandatory for him to issue a tax invoice. If not, what is the other document to be issued by him.

He also wishes to know whether the issue of concerned document can be dispensed with under any circumstances. You are required to advise him.

- 8) Mr. Jai has received advance payment with respect to services to be supplied to his client. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Mr. Jai regarding the same
- 9) Mr. Jai has availed transport services from an unregistered Goods transport Agency, on which Mr. Jai is liable to pay tax under reverse charge. He wishes to know whether he is required to issue an invoice. Please advise him.
- 10) Mr. Jai sells some exempted as well as taxable goods valuing ₹ 5,000 to a school student. Is he mandatorily required to issue two separate GST documents?
- 11) Mr. Jai wishes to know whether it's necessary to show tax amount separately in the tax invoices issued to the customers.

Answer:

- 1)
 - ⇒ No, he is **not required** to issue tax invoice in all cases.
 - ⇒ As per **section 31(1)** of CGST Act, every registered person supplying taxable goods is required to issue a 'tax invoice'.
 - ⇒ As per **section 31(3)(c)**, every registered person supplying exempted goods is required to issue a bill of supply instead of tax invoice.
 - ⇒ As per **Rule 46A** of CGST Rules, if a registered person is supplying taxable as well as exempted goods &/or services to an unregistered person, a **single "invoice-cum-bill of supply"** may be issued for **all** such

	<p>supplies.</p> <ul style="list-style-type: none"> ➤ However, as per section 31(3)(b) read with rule 46 and 49, a registered person may not issue a tax invoice/bill of supply if:- <ul style="list-style-type: none"> ➤ value of the goods supplied < ₹200, ➤ the recipient is unregistered; and ➤ the recipient does not require such invoice. ➤ Instead, such registered person shall issue a Consolidated Tax Invoice/bill of supply for such supplies at the close of each day in respect of all such supplies. ➤ Further, as per Rule 55 of CGST Rules, 2017, the tax invoice is also not required to be issued under the CGST Act, 2017 in the case of:- <ul style="list-style-type: none"> a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known, b) transportation of goods for job work, c) transportation of goods for reasons other than by way of supply, or d) such other supplies as may be notified by the Board.
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2)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per the definition of Continuous Supply of Goods, it means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline, or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods notified by Government ➤ As per section 31(4) of CGST Act, 2017, in continuous supply of goods where successive statement of accounts or successive payments are involved, the invoice shall be issued before or at the time:- <ul style="list-style-type: none"> ➤ each such statement is issued or, as the case may be ➤ each such payment is received. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ No, invoice is not required to be issued each time the goods are dispatched. ➤ Since the given instance is a case of continuous supply of goods, tax invoice has to be issued latest by the time of submitting the statement every time (i.e. 25th of Alternate Month).
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3)	<p>Legal Provision:</p> <ul style="list-style-type: none"> ➤ As per Sec 31(7), Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued <ul style="list-style-type: none"> ➤ before or at the time of supply or ➤ 6 months from the date of removal, whichever is earlier <p>Discussion & Conclusion:</p> <ul style="list-style-type: none"> ➤ In the given case, 500 units of microwaves have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal ➤ Thus, tax invoice for 300 units needs to be issued before or at the time of supply of such goods, i.e. upto 28/07/20XX. ➤ Remaining 200 (150+ 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, i.e. 20/11/20XX. ➤ Thus, tax invoice for 200 units needs to be issued upto 20/11/20XX.
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4)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per the definition of Continuous supply of service, it means supply of service which is provided, or agreed to be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months with the periodic payment obligations ➤ As per section 31(5)(c) of CGST Act, if payment is linked to the completion of an event in case of continuous supply of services, the invoice shall be issued on or before the date of completion of that event. ➤ As per section 31(5)(a) of CGST Act, 2017, If due date of payment is ascertainable from the contract of continuous supply of services, invoice shall be issued on or before such due date of payment. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ The given case is a case of continuous supply of services. ➤ Since the payment is linked to the completion of plinth, 1st floor and 2nd floor (i.e., milestones set in the contract), an invoice shall be raised on or before the date of completion of the plinth, 1st floor and 2nd floor, respectively. ➤ In the second case, Since the due date of payment is ascertainable from the contract, invoice shall be issued on or before the due date of payment
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<p>5)</p>	<p>Yes, Mr Jai shall raise an invoice as under:- Legal Provision:- ➤ As per section 31(6) of CGST Act, 2017, If supply of services ceases under a contract before the completion of supply:- ➤ invoice shall be issued at the time when the supply ceases & ➤ such invoice shall be issued to the extent of supply made before such cessation. Discussion & Conclusion:- ➤ In the given case, the contract to provide manpower was for 28 days but the service is stopped after 10 days only & thus, the invoice shall be issued on the 10th day. ➤ Further, the Value of such invoice shall be proportionate to supply made in 10 days i.e. ₹10,000</p>	<p>subject to the condition that: ➤ the recipient is not a registered person; and ➤ the recipient does not require such bill of supply, and he shall issue a consolidated bill of supply for such supplies at the close of each day in respect of all such supplies.</p>
<p>6)</p>	<p>Legal Provision:- ➤ As per section 31(2) of CGST Act, 2017, a registered person [other than an insurer/ banking company/ financial institution, including an NBFC] supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service. Discussion & Conclusion:- ➤ In the given case, invoice has to be issued within 30 days from 5th June, 20XX (date of supply of service), i.e. on or before, 5th July, 20XX.</p>	<p>8) Legal Provision:- ➤ As per section 31(3)(d) of CGST Act, 2017, on receipt of advance payment for any supply of goods and/or services, a registered person shall issue a receipt voucher or any other document evidencing receipt of such payment & containing prescribed particulars. ➤ As per section 31(3)(e) of CGST Act, 2017, if a registered person issues a Receipt Voucher for advance payment received for supply of goods &/or services, but subsequently:- ➤ No supply is made & ➤ No tax invoice is issued for the same, then he may issue a Refund Voucher against such advance payment to the person who had made the payment. Discussion & Conclusion:- ➤ Mr. Jai is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to his client. ➤ In the given case, subsequently no services are supplied by Mr. Jai, and no tax invoice is issued in pursuance thereof, Mr. Jai may issue a refund voucher against such payment to his client.</p>
<p>7)</p>	<p>Legal Provision:- ➤ As per section 31(3)(c) of CGST Act, 2017, a registered person paying tax under section 10 (i.e. under composition levy) shall issue a bill of supply instead of a tax invoice, containing such particulars and in such manner as may be prescribed. Discussion & Conclusion:- ➤ In the given case, Mr. Jai is paying tax under composition scheme. Therefore, he cannot issue tax invoice. Instead, he shall issue a Bill of Supply. ➤ In the second case, Yes, Mr. Jai (supplier) may not issue a bill of supply if the value of the goods or services or both supplied is less than ₹ 200</p>	<p>9) Legal Provision: ➤ The Recipient is liable to pay tax on reverse charge basis if he receives supply of such goods &/or services which are notified under section 9(3) & 9(4) of CGST Act, 2017 ➤ As per section 31(3)(f), when a registered person receives supply of goods &/or services which are liable to pay tax on reverse charge basis from an unregistered person, then Invoice is to be issued by recipient on the date of receipt of goods &/or services. ➤ As per section 31(3)(g), a registered person who is liable to pay tax under section 9(3)/9(4) of CGST Act shall issue a payment voucher at the time of making payment to the supplier.</p>

	<p>Discussion & conclusion:</p> <ul style="list-style-type: none"> ➤ Thus, a recipient who is liable to pay tax as per section 9(3) has to issue invoice only when supplies have been received from an unregistered supplier ➤ Mr. Jai has availed services of GTA (unregistered person) on which he is liable to pay tax under reverse charge u/s 9(3). ➤ He is required to issue an invoice for GTA services availed by him & issue a payment voucher at time of making payment to GTA.
10)	<ul style="list-style-type: none"> ➤ As per Rule 46A of CGST Rules, if a registered person is supplying taxable as well as exempted goods &/or services to an unregistered person, a single “invoice-cum-bill of supply” may be issued for all such supplies. ➤ Thus, there is no need to issue a tax invoice and a bill of supply separately to the school student for supply of taxable and exempted goods respectively.
11)	<ul style="list-style-type: none"> ➤ As per section 33 of CGST Act, if a supply is made for a consideration, then every person who is liable to pay tax for such supply shall prominently indicate the amount of tax which shall form part of the price at which such supply is made in all documents relating to assessment, tax invoice & other like documents. ➤ As per rule 46 of CGST Rules, a tax invoice shall contain the details of amount of tax charged in respect of taxable goods or services (CGST, SGST, IGST, UTGST or Cess).

Question 22

Answer the following questions

- 1) What is 'e-invoicing'?
- 2) Enumerate the persons to whom the provisions regarding E-invoicing are applicable.
- 3) What are the advantages of E-invoicing?
- 4) Fashion Queen Ltd., registered under GST and dealing in baby products has an aggregate turnover of ₹ 40 crore in the preceding financial year. The tax

consultant of Fashion Queen Ltd. advised it to issue e-invoices mandatorily. However, Fashion Queen Ltd. is of the view that since its aggregate turnover is less than the threshold limit applicable for e-invoicing, it is not required to issue e-invoices. You are required to comment upon the validity of the advice given by tax consultant.

What would be your answer if fashion Queen Ltd avails the services from Superfast transports, Goods Transport Agency for transporting of goods by road. The aggregate turnover of Superfast transports is ₹50 crore in the preceding financial year

Would your answer differ if transportation of goods is done through Air?

- 5) Enumerate the suppliers to whom the Dynamic Quick Response (QR) code is applicable when they issue an invoice to an unregistered person

Answer:

1)	E-invoicing is reporting of business to business (B2B) invoices to GST system for certain notified category of taxpayers
2)	<ul style="list-style-type: none"> ➤ Mandatory e-invoicing is applicable to all registered businesses whose aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards exceeds ₹ 10 Crore will be required to issue e-invoices for B2B supplies or for exports. ➤ Exception:- Following persons are exempted from the mandatory requirement of e-invoicing:- <ul style="list-style-type: none"> ➤ A Government Department ➤ A local Authority ➤ Special Economic Zone (SEZ) units ➤ Insurer or banking company or financial institution including NBFC ➤ GTA supplying services in relation to transportation of goods by road in a goods carriage ➤ Supplier of passenger transportation service ➤ Person supplying services of admission to exhibition of cinematograph films in multiplex screens

	<p>➤ Declaration to be given in tax invoice:-</p> <p>A taxpayer whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 10 Crore but is exempted from e-invoicing shall give a declaration in the tax invoice that</p> <ul style="list-style-type: none"> ➤ invoice is not required to be issued in the manner specified under rule 48(4).
3)	<p>The advantages of E-invoicing are as follows:-</p> <ol style="list-style-type: none"> 1. Auto-reporting of invoices into GST return & auto-generation of e-way bill (wherever required):- Once B2B invoice data is reported in e-invoice form, the same is reported in multiple forms (GSTR-1, e-way bill etc.). 2. Substantial reduction in transcription errors & Reconciliation:- Same data gets reported to tax department & to buyer to prepare his inward supplies register. Buyer can reconcile with his Purchase Order. 3. Matching of ITC & output tax by Dept. & reduces tax evasion:- A complete trail of B2B invoices is available with Department which enables the system-level matching of ITC & output tax thereby reducing the tax evasion. 4. Eliminates fake invoices:- Claiming fictitious ITC by raising fake invoices is eliminated. E-invoice system helps to curb actions of unscrupulous taxpayers & reduces fraud cases as tax authorities have access to data in real-time. 5. Other Advantages:- <ul style="list-style-type: none"> ➤ Facilitate standardisation & inter-operability, ➤ Reduction of disputes among transacting parties, ➤ Better relationship, ➤ Eco-friendly as it eliminates paper, ➤ Improve payment cycles, ➤ Internal controls, ➤ Reduction of processing costs & ➤ Improving overall business efficiency greatly.

4)	<p>Legal Provision:</p> <ul style="list-style-type: none"> ➤ All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than ₹ 10 crore are required to issue e- invoices in respect of B2B supplies (supply of goods and/or services to a registered person). ➤ However, Goods Transport Agency (GTA) supplying services of transportation of goods by road in a goods carriage is exempted from the requirement of preparing E-Invoice. <p>Discussion & conclusion:</p> <table border="1" data-bbox="1227 462 2161 1324"> <tr> <td data-bbox="1227 462 1288 758">1)</td> <td data-bbox="1288 462 2161 758"> <ul style="list-style-type: none"> ➤ The advice given by tax consultant of Fashion Queen Ltd. for issuance of e-invoices mandatorily in the current financial year is valid in law ➤ The aggregate turnover of Fashion Queen Ltd. exceeds the threshold limit of aggregate turnover applicable for e-invoicing & thus, it is mandatorily required to issue e-invoices in respect of supplies made to registered persons. </td> </tr> <tr> <td data-bbox="1227 758 1288 1061">2)</td> <td data-bbox="1288 758 2161 1061"> <ul style="list-style-type: none"> ➤ In the second case, GTA is providing services by road which is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds ₹ 10 crore in the preceding financial year & thus, e- invoicing is not applicable to Superfast Transports ➤ Further Superfast transports shall give a declaration in the tax invoice that Invoice is not required to be issued in the manner specified under Rule 48(4) as it is exempted from E-invoicing </td> </tr> <tr> <td data-bbox="1227 1061 1288 1324">3)</td> <td data-bbox="1288 1061 2161 1324"> <ul style="list-style-type: none"> ➤ In the third case, GTA is providing services by air. But the exemption from preparing E-Invoice is given to GTA only if it provides goods transportation services by road and not by air. ➤ Since the aggregate turnover of GTA also exceeds ₹ 10 Crore in previous year 20XX-XY and it makes supplies to registered person only, the GTA is required to prepare E-invoice. </td> </tr> </table>	1)	<ul style="list-style-type: none"> ➤ The advice given by tax consultant of Fashion Queen Ltd. for issuance of e-invoices mandatorily in the current financial year is valid in law ➤ The aggregate turnover of Fashion Queen Ltd. exceeds the threshold limit of aggregate turnover applicable for e-invoicing & thus, it is mandatorily required to issue e-invoices in respect of supplies made to registered persons. 	2)	<ul style="list-style-type: none"> ➤ In the second case, GTA is providing services by road which is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds ₹ 10 crore in the preceding financial year & thus, e- invoicing is not applicable to Superfast Transports ➤ Further Superfast transports shall give a declaration in the tax invoice that Invoice is not required to be issued in the manner specified under Rule 48(4) as it is exempted from E-invoicing 	3)	<ul style="list-style-type: none"> ➤ In the third case, GTA is providing services by air. But the exemption from preparing E-Invoice is given to GTA only if it provides goods transportation services by road and not by air. ➤ Since the aggregate turnover of GTA also exceeds ₹ 10 Crore in previous year 20XX-XY and it makes supplies to registered person only, the GTA is required to prepare E-invoice.
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- 5) ➤ All invoices **issued to an unregistered person** (B2C invoice) **by a registered person** whose **aggregate turnover** in any preceding financial year from 2017-18 onwards **exceeds ₹ 500 crores** are required to have a Dynamic QR code.
- However, Dynamic Quick Response (QR) code is **not applicable** to following suppliers when they issue an invoice to an unregistered person:-
1. Insurer or banking company or financial institution including NBFC.
 2. GTA (Goods transport agency) supplying services in relation to transportation of goods by road in a goods carriage.
 3. Supplier of passenger transportation service.
 4. Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens.
 5. Supplier of OIDAR (online information and database access or retrieval) services.
 6. In case of exports.

Question 23

Sindhi Toys Manufacturers, registered in Punjab, sold electronic toys to retail seller in Gujarat, at a value of ₹ 48,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such toys to the retail seller in Gujarat. You are required to advise Sindhi Toys Manufacturers on the following issues:-

1. When is an e way bill required to be generated under GST?
2. In given case, whether e-way bill is mandatorily required to be generated in respect of such movement of goods?
Whether e-way bill is required to be generated even if the goods are to be moved to another State for replacement under warranty where the consignment value is more than ₹ 50000?
If the toys in the given case are sold for ₹ 40000 (excluding GST leviable @ 18%) and there is also a supply of exempted goods of ₹ 25000, whether e-way bill is required to be issued?
3. Who is required to generate the e-way bill in the given case?
4. Assume that the sales order in the given case is of ₹ 1,20,000 (inclusive of GST leviable @ 18%). While checking the stock, it is found that order worth ₹ 55,000 can be fulfilled from the company's Ludhiana (Punjab) store and remaining goods worth ₹ 65,000 can be sent from its Amritsar (Punjab) store. Both the stores are instructed to issue separate invoices for the goods sent to retail seller in Gujarat. The goods are transported in a single conveyance owned by Radhey Transporters. You are required to advise Sindhi Toys Manufacturers with regard to issuance of e-way bill(s).
5. In the given case, assume that the transporter moves the goods Punjab to Mumbai which actually had to be moved to Gujarat. For completing the movement of goods from Mumbai to Gujarat, transporter now hands over the goods to another transporter. Explain the procedure regarding e-way bill to be followed by consignor & transporter as per provisions of GST law & rules made thereunder.

6. What is the time limit to accept/ reject the e-way bill for supplier or recipient, as the case may be?
7. Whether e-way bill is required to be generated if the goods in given case are transported by a non-motorised conveyance?
8. In the given case, assume that Sindhi Toys Manufacturers hands over the goods for transportation on Friday to the transporter. However, assigned transporter starts the movement of goods from consignor's warehouse to its depot located at distance of 650 Km on Monday. Answer the following questions:-
a) When will the e-way bill be generated?
b) E-way bill will be valid for how many days?
c) When does the validity period of e-way bill ends?
9. What will be the consequences for non-issuance of e-way bill?
10. If there is a mistake, incorrect or wrong entry in e-way bill, can e-way bill be corrected or edited?

Answer:-

- 1) ⇒ **Consignment value exceeding Rs 50000:-** As per Rule 138(1), if **registered person causes movement** of goods of **consignment value exceeding Rs 50000:-**
 - in relation to a supply or
 - for reasons other than supply or
 - due to inward supply from an unregistered person,
 e-way bill needs to be generated prior to the commencement of movement of goods.
- ⇒ **Mandatory generation of e-way bill even if consignment value is not exceeding ₹ 50,000 in following cases:-**
 - a) **Interstate Job Work:-** If goods are sent by a principal located in one State/ Union Territory to a job worker located in any other State/

<p>Union Territory, e-way bill shall be generated either by the principal or job worker (if registered), irrespective of the consignment value.</p> <p>b) Interstate transportation of handicraft goods:- If specified handicraft goods are transported from one State/ Union Territory to another State/ Union Territory by a person who is exempted from obtaining registration u/s 24 of CGST Act, 2017, e-way bill shall be generated by the said person irrespective of the consignment value.</p> <p>⇒ Voluntary generation of e-way bill:- A registered person or the transporter may voluntarily generate an e-way bill even if consignment value is \leq Rs. 50,000.</p>	<p>consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be issued in the given case.</p> <p>b) In second case, the goods to be moved to another State for replacement under warranty is not a 'supply'. Since the consignment value exceeds ₹ 50,000, e-way bill is required to be mandatorily generated.</p> <p>c) In the third case, the consignment value is ₹ 47200 (i.e., ₹ 40,000 + ₹ 7200). Here, ₹25,000 will not be included as it is an exempt supply. Thus, e-way bill is not required to be issued as consignment value is not exceeding ₹50000.</p>
<p>2) Legal Provision:-</p> <p>⇒ As per Rule 138(1) of CGST Rules, if registered person causes movement of goods of consignment value exceeding Rs 50000:-</p> <ul style="list-style-type: none"> ➤ in relation to a supply or ➤ for reasons other than supply or ➤ due to inward supply from an unregistered person, <p>e-way bill needs to be generated prior to the commencement of movement of goods.</p> <p>⇒ As per CBIC Clarification, even if the movement of goods is caused due to reasons others than supply [including replacement of goods under warranty], e-way bill is required to be issued.</p> <p>⇒ As per explanation 2 to rule 138(1), the consignment value of goods shall be:-</p> <ul style="list-style-type: none"> ➤ value as per section 15 as declared in an invoice, bill of supply or delivery challan, ➤ including CGST, SGST, UTGST, IGST and cess charged, if any, in the document but ➤ it excludes the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods. <p>Discussion & Conclusion:-</p> <p>a) Accordingly, in the first case, the consignment value will be as follows:- $\text{₹}48,000 \times 118\% = \text{₹}56,640.$</p> <p>Since the movement of goods is in relation to supply of goods and the</p>	<p>3) ⇒ An e-way bill contains 2 parts namely:-</p> <ul style="list-style-type: none"> ➤ Part A to be furnished by registered person who is causing movement of goods of consignment value exceeding ₹50,000/- and ➤ Part B (transport details) is to be furnished by person who is transporting the goods. <p>⇒ Goods transported by registered person by Road:-</p> <p>E-way bill shall be generated by furnishing information in Part B- by the registered person as a consignor or the recipient as the consignee, whosoever transports goods by road:-</p> <ul style="list-style-type: none"> ➤ whether in his own conveyance or ➤ a hired one or ➤ a public conveyance. <p>⇒ Goods transported by Railways or Air or Vessel:-</p> <p>E-way bill shall be generated by the registered person, being the supplier or the recipient, who shall, either before or after the commencement of movement, furnish, on common portal, the information in Part B.</p> <p>⇒ Goods not transported by registered person but handed over to transporter:-</p> <p>If e-way bill is not generated by registered person & goods are handed over to transporter for transportation of goods by road,</p> <ul style="list-style-type: none"> ➤ the registered person shall furnish information relating to the transporter in Part B on the common portal and transporter shall

	<p>generate e-way bill on the basis of information furnished by registered person in Part A.</p> <p>➤ If E-way Bill is not generated i.e. consignment value not exceeding Rs 50000:-</p> <p>In case of transport of goods by road, if consignor/consignee has not generated e-way bill & the aggregate of consignment value of goods carried in the conveyance is > ₹ 50,000, then prior to the movement of goods:-</p> <ul style="list-style-type: none"> ➤ Transporter shall generate e-way bill on basis of invoice or bill of supply or delivery challan only in respect of inter-State supply & ➤ He may also generate a consolidated e-way bill.
4)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per rule 138 of CGST Rules, e-way Bill is required to be generated mandatorily, if the goods are moved in relation to a supply and the consignment value [including CGST, SGST/UTGST, IGST and cess charged] exceeds ₹ 50,000. ➤ As per CBIC Clarification, if multiple invoices are issued by the supplier to one recipient, multiple e-way bills have to be generated-one e-way bill for each invoice, irrespective of the fact whether the same or different consignors or consignees are involved. ➤ Each invoice is considered as separate consignment for the purpose of generating e-way bills. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In given case, Sindhi Toys Manufacturers would be required to prepare two separate e-way bills since each invoice value exceeds ₹ 50,000 and each invoice is considered as one consignment for the purpose of generating e-way bills. ➤ Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

5)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ Before such transfer and further movement of goods, the following persons shall update the details of conveyance in Part-B of E-way Bill:- <ul style="list-style-type: none"> ➤ the consignor or the recipient, who has provided information in Part A, or ➤ the transporter. ➤ Further, the consignor or the recipient, who has furnished the information in Part A, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B for further movement of the consignment. ➤ But, Once the transporter updates details of conveyance in Part B, then consignor/recipient shall not be allowed to assign the e way bill number to another transporter. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In given case, only one e-way bill is required to be issued. ➤ Part A of e-way bill can be filled by either Sindhi Toys Manufacturers or recipient of goods or first Transporter on the appropriate authorisation. ➤ Thus, on reaching Mumbai, Sindhi Toys Manufacturers or the recipient of the goods who has filled Part A of e-way bill, or first transporter can, before the transfer and further movement of goods, update the details of conveyance in Part B of e-way bill. ➤ Further, on reaching Mumbai, Sindhi Toys Manufacturers or recipient of goods, or first transporter can assign the said e-way bill to second transporter who will thereafter update details of conveyance in Part B. ➤ Once the details of conveyance are updated by second transporter in Part B, Sindhi Toys Manufacturers or recipient shall not be allowed to assign e-way bill number to another transporter.
6)	<ul style="list-style-type: none"> ➤ As per Rule 138(12) of CGST Rules, the information furnished in Part A of e-way bill by the recipient/ transporter or by the supplier/ transporter, as the case may be, shall be accepted or rejected by the supplier/recipient within the Earlier of:- <ul style="list-style-type: none"> ➤ 72 hours of details being made available to him on common portal or ➤ Time of delivery of goods.

	<p>⇒ If such supplier/ recipient does not communicate his acceptance or rejection within this time, then it shall be deemed to be accepted.</p>
7)	<p>⇒ No, As per Rule 138(14) of CGST Rules, e-way bill is not required to be generated, if goods are being transported by a non-motorised conveyance.</p>
8)	<p>a) E-way bill will be generated before commencement of movement of goods by transporter on Monday.</p> <p>b) As per Rule 138(10) of CGST Rules, the validity period of e-way bill is one day from relevant date upto 200 km and one additional day for every 200 km or part thereof thereafter.</p> <p>Thus, the validity period in the given case, is 4 days.</p> <p>It is assumed that goods transported are not over dimensional cargo.</p> <p>c) The period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill.</p> <p>Thus, in given case, the e-way bill will be valid till mid-night of Friday.</p>
9)	<p>⇒ It is mandatory to generate e-way bill in all cases where the consignment value of goods being transported exceeds ₹ 50,000/- and it is not otherwise exempted under rule 138(14).</p> <p>⇒ If e-way bills required are not issued as per rule 138, the same will be considered as contravention of rules.</p> <p>⇒ As per section 122(1) of CGST Act, a taxable person who transports any taxable goods without e-way bill shall be liable to a penalty of ₹ 10,000/- or tax evaded, whichever is higher.</p> <p>⇒ Moreover, as per section 129(1), if any person transports any goods or stores any goods while they are in transit in contravention of GST Act or Rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to detention or seizure.</p>
10)	<p>⇒ No, the e-way bill once generated cannot be edited or corrected.</p> <p>⇒ Only option is cancellation of e-way bill within 24 hours of generation and generate a new one with correct details.</p> <p>⇒ But e-way bill cannot be cancelled if it has been verified in transit as per Rule 138B.</p>

Question 24

Mr. X is a registered person under GST with the following turnover from various branches across India:-

Branch Location	Turnover of Branch in preceding financial year (₹)
Haryana	1.2 Crores
Lucknow	75 lakhs
Maharashtra	2.9 Cr

On the basis of above information, Answer the following questions:

- 1) Advise Mr. X regarding filing of monthly statement of outward supplies ie GSTR1
- 2) If Mr. X wants to opt for the QRMP scheme in current financial year only for Maharashtra branch, can he do so?
- 3) What is the due date of payment of tax in the first quarter of the current financial year, if Mr. A opts for the QRMP scheme?
- 4) Mr. X took various inward supplies from different suppliers which are as follows

Sr. No.	Name of supplier	ITC (₹)	Remark
1	PQR Ltd.	18,000	Goods purchased (ITC available)
2	ABC Ltd.	22,000	A registered person who has taken registration just 1 month before. (Suppose term prescribed in the rule is 1 month)
3	DEF & Co.	2,000	Person making default in payment of taxes
4	Bluffer Traders	10,000	Availed ITC more than the ITC which can be availed

Calculate the amount of Input Tax Credit (ITC) that is available to Mr. X u/s 38.

- 5) Mr. X has filed GSTR 1 for the quarter ended in September 20XX before the due date. Later in the month of February next year, he discovers error in the GSTR 1 of August month and want to revise it. Advise him on the future course of action.
- 6) What are the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF?
- 7) Mr. X has filed GSTR 3B before the due date u/s 39 but some changes are to be made so he wants to revise the return. Advise Mr. X regarding rectification of error.
- 8) Mr. X has purchased goods from Mr. Umesh (a registered person from Mumbai). Mr. Umesh has not paid the amount of GST to the government. Mr. X took the ITC while filing the return. Is Mr. X required to reverse the ITC?

Mr. Umesh paid the GST amount to the government after 3 years. Can Mr. X take the ITC now?
- 9) Is Mr. X is required to file an annual return also. If yes, what is the due date for the same. Also mention the Exceptions for Furnishing an annual return.
- 10) Mr. X has applied for cancellation of GST registration in the month of March. The consultant of Mr. X has suggested to furnish the final return in the month of September. He has advised Mr. X that a final return needs to be furnished before the due date of furnishing the return for the month of September of subsequent financial year or before furnishing of annual return (for the financial year in which cancellation has been sought for), whichever is earlier. However, the jurisdictional authorities have yet not passed the order of cancellation due to reasons not known to Mr. X Whether the advice given by the consultant of Mr. X is correct? Examine

- 11) Mr. X failed to file the return for the quarter ended in December 20XX. Explain the legal recourse available to the tax officer, if any.
- 12) State the Late fee u/s 39 if return for the quarter ended in December 20XX is filed on 15th Jan?
- 13) Is it compulsory for Mr. X to file return by himself, If no, then who is required to furnish returns for Mr. X during a tax period.

Answer:-

1)	<p>Legal Provision:</p> <p>➤ As per section 37 of CGST Act, GSTR-1 for a particular month is filed on or before the 11th day of immediately succeeding month i.e. on monthly basis.</p> <p>➤ However, to ease the compliance requirement, GSTR-1 can be filed quarterly by a registered person with aggregate turnover upto Rs 5 crore in preceding financial year under the QRMP Scheme.</p> <p>➤ Under QRMP Scheme, for the first and second months of a quarter, the details of outward supplies can be furnished up to a cumulative value of Rs 50 Lakhs in each of the months using invoice furnishing facility (IFF) electronically on common portal from the 1st day of the month succeeding such month till the 13th day of the said month.</p> <p>Discussion & Conclusion:</p> <p>➤ In view of the same, Mr. X can file its GSTR-1 on quarterly basis if it has opted to furnish the outward supply related details on quarterly basis and filing IFF on monthly basis as his aggregate turnover does not exceed ₹ 5 crore in the preceding financial year.</p>
2)	<p>Legal Provision:-</p> <p>➤ Opting of QRMP scheme is GSTIN wise & thus, implies that some GSTINs for a PAN can opt for the QRMP scheme and remaining GSTINs may not opt for the said scheme.</p> <p>Discussion & Conclusion:-</p> <p>➤ In given case, Mr. X can opt for the QRMP scheme only for Maharashtra Branch as the option to avail QRMP scheme is GSTIN wise and therefore distinct person as defined u/s 25 of CGST Act have option to avail QRMP for one or more GSTIN.</p>

3)	<p>➤ Tax is to be paid under the QRMP scheme using challan PMT-06 as follows:-</p> <ul style="list-style-type: none"> ➤ For the first two months - by 25th of succeeding month and ➤ For the last month - along with return for the Quarter i.e. on or before 22nd or 24th of the month succeeding such Quarter. <p>➤ Tax can be paid using any of the methods i.e. Fixed Sum Method or Self-Assessment method.</p>																														
4)	<p>Legal Provision:-</p> <p>As per section 38 of CGST Act, the ITC is not available to the following persons on account of details of the supplies furnished under section 37(1) by the supplier:-</p> <ul style="list-style-type: none"> ➤ Person who has taken new registration (upto the prescribed time period). ➤ Registered person who has defaulted in payment of tax and such default has continued for prescribed time period. ➤ Registered person who availed ITC in excess of the credit that can be availed by him as per GSTR-2B during prescribed period, by prescribed limit. <p>Discussion & Conclusion:</p> <p>The ITC available to Mr. X is calculated as under:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>S.No.</th> <th>Name of supplier</th> <th>ITC (₹)</th> <th>Available Yes/No</th> <th>Available Amount</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>PQR Ltd.</td> <td>18,000</td> <td>Yes</td> <td>18,000</td> </tr> <tr> <td>2)</td> <td>ABCLtd.</td> <td>22,000</td> <td>No</td> <td>-</td> </tr> <tr> <td>3)</td> <td>DEF & Co.</td> <td>2,000</td> <td>No</td> <td>-</td> </tr> <tr> <td>4)</td> <td>Bluffer Traders</td> <td>10,000</td> <td>No</td> <td>-</td> </tr> <tr> <td colspan="4">Total ITC</td> <td>18,000</td> </tr> </tbody> </table>	S.No.	Name of supplier	ITC (₹)	Available Yes/No	Available Amount	1)	PQR Ltd.	18,000	Yes	18,000	2)	ABCLtd.	22,000	No	-	3)	DEF & Co.	2,000	No	-	4)	Bluffer Traders	10,000	No	-	Total ITC				18,000
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5)	<p>➤ The mechanism of filing revised return for any correction of errors/omission is not available under GST but the rectification of errors/omission is allowed in the subsequent returns.</p> <p>➤ The error can be rectified by furnishing appropriate particulars in the “Amendment Tables” contained in GSTR-1.</p> <p>➤ Thus, Mr. X who discovered an error in GSTR-1 for quarter ended in</p>																														

	<p>September 20XX cannot revise it.</p> <p>⇒ However, he should rectify said error in the GSTR-1 filed for the month of February and should pay the tax and interest, if any, in case of short payment, in the return to be furnished for February.</p> <p>⇒ However, as per section 37(3) of CGST Act, the rectification of details furnished in GSTR-1 shall not be allowed after:</p> <p>a) 30th November following the end of the financial year to which such details pertain or</p> <p>b) furnishing of the relevant annual return, whichever is earlier.</p>						
6)	<p>The following are the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF:-</p> <table border="1"> <tr> <td>1)</td> <td>Registered person (other than QRMP Scheme):-</td> <td>He shall not be allowed to furnish the details of outward supplies in Form GSTR-1, if he has not furnished the return in Form GSTR-3B for preceding one month.</td> </tr> <tr> <td>2)</td> <td>Registered person (opting for QRMP Scheme):-</td> <td>He shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF, if he has not furnished the return in Form GSTR-3B for preceding tax period.</td> </tr> </table>	1)	Registered person (other than QRMP Scheme):-	He shall not be allowed to furnish the details of outward supplies in Form GSTR-1, if he has not furnished the return in Form GSTR-3B for preceding one month.	2)	Registered person (opting for QRMP Scheme):-	He shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF, if he has not furnished the return in Form GSTR-3B for preceding tax period.
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7)	<p>⇒ As per section 39(9) of CGST Act, any omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the month or quarter during which such omission or incorrect particulars are noticed.</p> <p>⇒ But the maximum time limit for making rectification is earlier of:-</p> <ul style="list-style-type: none"> ➤ 30th November following the end of the financial year to which such details pertain or ➤ Actual date of furnishing of relevant annual return. <p>⇒ Any tax payable as a result of such error or omission will be paid along with interest.</p> <p>Exception: Error/omission discovered on account of scrutiny, audit, inspection, or enforcement activities by tax authorities cannot be rectified u/s 39(9) of CGST Act.</p>						

8)	<p>Legal Provision:-</p> <p>⇒ As per section 41 of CGST Act, if Input Tax Credit (ITC) is availed by a registered person, as self-assessed in his return on inward supplies of goods or services or both, but the tax payable whereon has not been paid by supplier, then the recipient shall reverse such ITC availed by him along with the applicable interest in prescribed manner.</p> <p>⇒ However, if supplier pays such tax later, the recipient may re-avail the ITC reversed by him in prescribed manner without any time limit.</p> <p>Discussion & Conclusion:-</p> <p>⇒ In given case, the ITC claimed by Mr. X is required to be reversed along with interest.</p> <p>⇒ However, when Mr. Umesh makes the payment of GST to the government, Mr. X will be allowed to re-claim the credit of such amount in her GSTR 3B.</p> <p>⇒ In case, where Mr. Umesh pays the amount of GST after 3 years, Mr. X would be eligible to re-claim it as there is no time limit to re-claim the ITC.</p>
9)	<p>⇒ As per sec 44 of CGST Act 2017, Every registered person is required to file an annual return electronically in prescribed form.</p> <p>⇒ However, the following persons are not required to file annual return:-</p> <ul style="list-style-type: none"> ➤ Casual Taxable Person, ➤ Non-resident taxable person, ➤ Input Service Distributors and ➤ Persons paying tax under section 51 or 52. <p>⇒ Section 44 is not applicable to any department of Central Government/ State Government/ local authority, whose books of account are subject to audit by the Comptroller & Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for time being in force.</p> <p>⇒ On the recommendations of Council, Commissioner may exempt any class of registered persons from filing annual return by a notification.</p>

	<p>Due date to furnish Annual return:-</p> <p>➔ Annual return for a financial year shall be filed by 31st December of Next financial year.</p> <p>➔ Due date may be extended by Commissioner.</p>
10)	<p>No, the advice of the consultant is not correct.</p> <p>Legal Provision:-</p> <p>➔ As per section 45 of CGST Act read with rule 81 of CGST Rules, every registered person who is required to furnish GSTR-3B and whose registration has been surrendered or cancelled is required to file a final return.</p> <p>➔ The final return has to be filed within 3 months of the later of:-</p> <ul style="list-style-type: none"> ➤ date of cancellation or ➤ date of order of cancellation. <p>Discussion & Conclusion:-</p> <p>➔ In the given case, the registration of the Mr. X has not been cancelled.</p> <p>➔ Therefore, the requirement of filing final return will arise only when the registration of company gets cancelled.</p>
11)	<p>➔ As per section 46 of CGST Act, the proper officer has to first issue a notice to Mr. X in prescribed form, electronically, requiring her to furnish the return within 15 days.</p> <p>➔ If Mr. X fails to file return within the given time, the proper officer shall proceed to assess the tax liability along with applicable interest and penalty payable by the defaulter to the best of his judgement taking into account all the relevant material available with him.</p>
12)	<p>➔ As per section 47(1) of CGST Act, if there is a delay in furnishing of Returns (including returns under QRMP Scheme) under section 39 by registered person by the due dates, then he is liable to pay late fee which is LOWER of:-</p> <ul style="list-style-type: none"> ➤ ₹200 (100 + 100) for every day during which such failure continues or ➤ ₹10,000 (5,000 + 5,000). <p>➔ However, as per the CBIC notification, the total late fees payable under section 47 by the registered person who fails furnish Form GSTR-3B by the due date shall be as follows:-</p>

	<p>1) For the registered persons who have nil outward supplies in the tax period or whose total tax payable in the GSTR-3B is Nil:-</p> <ul style="list-style-type: none"> ➤ late fee = ₹200 (100 + 100) per day of default but maximum is ₹ 500 (250 + 250). <p>2) For the registered persons other than those covered in (1) above (i.e. there is outward supply in GSTR-1 or there is tax payable as per GSTR-3B):-</p> <ul style="list-style-type: none"> i) if the aggregate turnover is not exceeding ₹1.5 crores in the preceding financial year:- <ul style="list-style-type: none"> ➤ late fee = Rs. 200(100 + 100) per day of default but maximum is ₹ 2,000 (1000 + 1000). ii) if the aggregate turnover is exceeding ₹1.5 crores but not exceeding ₹ 5 Crores in the preceding financial year:- <ul style="list-style-type: none"> ➤ late fee = Rs. 200 (100 + 100) per day of default but maximum is ₹ 5000 (2,500 + 2,500). <p>3) For the registered persons other than those covered in (1) and (2) above:-</p> <ul style="list-style-type: none"> ➤ late fee = ₹200(100 + 100) per day of default but maximum is ₹ 10,000 (5000 + 5,000).
13)	<p>➔ No, Mr. X can also get his return filed through a Goods and Services Tax Practitioner (GSTP) as authorised by him subject to confirmation of registered person over mail or SMS each time when return filed by GSTP.</p> <p>➔ As per section 48(2) of CGST Act, a registered person may authorise an approved GSTP to furnish:-</p> <ul style="list-style-type: none"> ➤ the details of outward supplies under section 37, and ➤ the return under section 39 or ➤ annual return under section 44 or ➤ final return under section 45 and ➤ to perform other prescribed functions. <p>➔ Thus, the GSTP can furnish the specified documents or information on behalf of registered person with prior authority of the registered person.</p> <p>➔ However, there is no specific return furnishing mechanism for GSTP to disclose the activities carried out by it for any of the registered person during a tax period.</p>