B.Com (Hons.)

SEMESTER - VI

SUBJECT: GST & CUSTOMS LAWS

PRACTICE QUESTIONS

— Ms. Harmanpreet Kaur
Department of Commerce

Ques 1 Mr. Rakesh is a supplier of variety of goods & services. He has made the following value of supplies for 2019-20.

PARTICULARS	AMOUNT (₹)
Supply of taxable goods & services	400000
Supply of services by way of renting of residential dwelling for use as residence (Exempt supply)	300000
Supply of services chargeable @ 28%.	100000
Non-taxable supply of Alcoholic liquor	600000
Supply of milk, eggs & fresh fruits who are Nil Rated	200000
Intra-state supply of services from the premises of registered job worker.	490000
Intra-state supply of agricultural produce grown by labour of family member.	550000

You are required to answer the following:

(i) What is the value of supply which will not be included in computation of Aggregate Turnover? (Give Reason)

(ii) Compute the aggregate turnover for purposes of registration under section 22 of CGST Act, 2017.

Ques 2 Xavier appoints Abhishek to procure certain goods from Mumbai. Abhishek prepares a list of various suppliers who can provide goods as desired by Xavier. Finally, he identifies Jamshed (one of the suppliers) and directs him to send

1000 units to Xavier. Jamshed will issue invoice directly to Xavier. You are required to determine whether Mr. Abhishek needs to register under GST. State with reasons.

Ques 3 The aggregate turnover of Kohli Ltd. (engaged in taxable supply of services in the State of Delhi) exceeds ₹20 lakh on October 20, 2019. Kohli Ltd. applies for registration on November 14, 2019 and is granted registration certificate on November 24, 2019. Determine the effective date of registration. How would your answer vary if Kohli Ltd. submits application for registration on November 23, 2019 and granted registration on Dec 02, 2019?

Ques 4 Galgotia Ltd. is operating in Maharashtra only. In the financial year 2019-20, the company made the following type of supplies:

Inward supply of goods & services	Amount (₹)
(a) Taxable goods & services	1200000
(b) Goods under Reverse charge	550000
(c) Exempted goods	200000
Outward supply of goods	Amount (₹)
(a) Taxable goods	1800000
(b) Goods under Reverse charge	600000
(c) Exempted goods	1500000
(d) Non-taxable goods	150000

You are required to answer the following :-

(i) What is the value of aggregate turnover as per sec. 22

(ii) Do you think Galgotia Ltd. is liable for registration on the basis of aggregate turnover?

(iii) How your answer in part (ii) would differ, if Galgotia Ltd. is operating in special category state of Assam or Manipur?

(iv) If Galgotia Ltd. is not liable on the basis of aggregate turnover, do you think liablity for registration still arises under any other provisions? If yes, state the relevant provision.

Ques 5 Madaan Ltd., Nasik, is a wholesale dealer in metal door knobs. GST rate for supply is 28%. The following data is noted from the records of the company for Dec. 2019:

Recipient	Place of supply	Quantity	Rate (in ₹ per unit)	Discount
Anu Ltd.	Jaisalmer	3	57,000	10%
Barkha Ltd.	Patna	8	59,000	9%
Chaman Ltd.	Delhi	10	54,000	5%
Divyansh Ltd.	Andaman	12	60,000	1%
Farhaan Ltd.	Pune	4	49,000	3%
Gaurav Ltd.	Mumbai	6	48,500	6%

No other supply is made by Madaan Ltd. during Dec. 2019. Calculate GST liability for December 2019. Assume that ITC for December 2019 is nil.

Ques 6 Employment contracts are not subject to GST. Discuss. Is there any situation when a transaction between employer & employee is subject to GST?

Ques 7 By virtue of non-compete agreement, ABC Ltd. agrees for a consideration of ₹ 20 lakh not to compete with XYZ Ltd. in marketing of phones in Delhi for 2 years ending on March 31, 2022. Discuss whether GST is applicable in this transaction.

Ques 8 Mr. Prashant is a computer hardware supplier. From his stock, he has given 1TB external hard drive to his son, who is a student of MBA. The external hard drive will be used by his son for taking back up of his notes. Mr. Prashant does not recover any consideration. Discuss whether GST is applicable.

Ques 9 Discuss whether GST is applicable in the following transactions (with reasons) :-

(i) Pawanil is a registered person in GST. He deals in scrap. He transfers his personal car on Nov. 10, 2019 for a consideration of ₹ 2 lakh.

(ii) Paramount Ltd. is a manufacturing co. It takes legal advice from F, an advocate located in New York. US $5000 is paid for this purpose.

(iii) Anil owns a vacant land in village. It is given to rent to Brijmohan (monthly rent being ₹ 2,50,000). Brijmohan uses the land for agricultural activities. Annual income from this activity is ₹ 30 lakh.

(iv) Neha is the business of selling electronic goods. She closes down her business on March 31, 2020. Value of unsold stock of electronic goods is ₹ 10 lakh.

(v) Pooja purchases 1000 units of UTI mutual funds for ₹15000. Units are purchased through a broker who charges brokerage of ₹150.

Ques 10 State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of CGST Act:

(i) Vaibhav Ltd. gives its furniture on rent to Kohli tent house. Ownership is not transferred.

(ii) D Ltd. manufactures own a patent to manufacture a medicine for flu. The patent is transferred to A Ltd. on temporary basis.

(iii) Zaheer enterprises enters into agreement with Rishabh on Jan 20, 2020 to supply 100 laptops at ₹ 25000 each. The title shall be passed to Rishabh on later date after receiving full & final consideration.

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SUBJECT: GST & CUSTOMS LAWS (PRACTICE QUESTIONS)

Ms. Harmanpreet kaur.

Ques11 Determine whether the following are chargeable to GST and if yes the taxable amount thereto:

(i) ABDC Public School is affiliated to CBSE and provides education upto higher secondary. It provides bus services to its students & faculty members & charges ₹ 15000 per month as transportation fees. It also has canteen which gives mid-day meal to faculty & students & charges ₹200 per meal.

(ii) Dr. Poonam is a Neurologist and charges ₹ 4000 per sitting from her patients.

(iii) Mayank has a residential house in Gurugram & he gives his house to Madhav to carry out business for monthly rent of ₹48000. He also has a house in Dwarka & is given for residential purpose to Mr. Rakesh for ₹ 25000 per month.

(IV) Himani is travelling to Gurugram from Mayur Vihar for work by UBER: Bill amounts to ₹900. If she takes a yellow metered cab her fare will be ₹1000 Her metro fare will be ₹ 70.

(V) Transaction charges charged by HDFC for transferring money from Delhi to Mumbai: ₹ 125.

Ques12 X & Co. is a partnership firm of interior decorators. It also runs a readymade garment showroom. The turnover of the showroom is ₹80 lakh & total receipts of interior decorator service is ₹72 lakh in the preceding financial year. Discuss the following:

- Examine whether firm can opt for Composition Scheme.
- Will your answer change, if turnover of showroom is ₹70 lakh & total receipts of interior decorator service is ₹ 22 lakh

in preceeding financial year?

- Discuss whether it is possible for X & Co. to opt for composition scheme only for showroom.

Ques 13 On December 5, 2019, Mr. Malik, a famous music composer, get ₹ 2 crore as consideration from Saregama Music Co. Ltd. for sale of copyright of his original music album. He completes his work on October 21, 2019 and on the same day CD is made available to the music company Invoice is raised by him on October 25, 2019. What will be the time of supply? GST is payable on this case on Reverse charge mechanism.

Ques 14 From the information provided in the following table, determine Time of supply of Goods or services or both. The Rate of tax is revised from 28% to 18% w.e.f. 30.11.2019. Rate of tax applicable from 01.7.2019 to 30.11.2019 will be 28%.

Case	Date of supply of goods or services	Date of issue of invoice	Date of receipt of payment
I	10.11.2019	05.12.2019	06.12.2019
II	12.11.2019	11.11.2019	10.12.2019
III	23.11.2019	01.12.2019	29.11.2019
IV	03.12.2019	29.11.2019	05.12.2019
V	25.12.2019	28.11.2019	29.11.2019

Ques 15 Find out the place of supply in the cases given below:-

1. Y Ltd. is registered in Lakshadweep. It provides advertisement services to Central Government. The services pertains to achievement of Central Government during 2019-20 to the tourist visiting ... Lakshadweep. Service is performed in South Lakshadweep & its nearby islands

2. Pritam Ltd. is registered in Madhya Pradesh. It manufactures perfumes. To display its products to foreign tourist, it takes on rent an exhibition hall situated in Srinagar. Rent at the rate of ₹ 7000 per day is paid to the landlord who is located in Srinagar.

3. To organise the above display. Ltd. engages Kartar Ltd. Amritsar, an event management company. The entire display programme is organised under the supervision of Kartar Ltd. (event management fee being ₹ 1 lakh)

4. Z Ltd. is Indore based GST registered company. It engages a courier company located in Nagpur to send its samples by courier from Nagpur to different locations

5. Lily Consultants (P.) Ltd. provides stock broking services in Gujarat. A and B are clients of Lily Consultants. As per records of Bombay Stock Exchange (the details of the address of the client are required to be uploaded with stock exchange as part of the "Unique Client code" details), address of A is New Park Street, Mumbai and address of B is Bunglow Road, Delhi.

Ques 16. On August 12, 2019, Z Ltd. supplies a machinery to A Ltd. (dealer in the same State). The following information is noted from the records of Z Ltd. Determine the value of taxable supply of machinery.

PARTICULARS	AMOUNT (₹)
Price of machinery (exclusive of taxes & discounts)	5,50,000
One part is directly fitted in the machinery at place of A Ltd. (amount paid by A Ltd. directly to the supplier, as per contract this amount should be paid by Z Ltd. & not included in price)	20,000
Installation & testing charges for machinery, not included in price	25,000

Discount 2 per cent on machinery price (recorded in the invoice). Z Ltd. provides additional 1% discount at year end, based on additional purchase of other machinery.

Ques 17 Mr. Sunil deals in buying & selling second hand goods. On August 20, 2019 he purchases from Mr. Ram a second hand washing machine for ₹14000. Mr. Sunil makes some minor changes. He sells the same washing machine for ₹ 17000 on August 25, 2019. He does not take any input tax credit on purchase of washing machine from Mr Ram. Determine Value of taxable supply.

Ques 18 Mr. Naman purchases an air-conditioner for ₹ 1,20,000 on October 10, 2019. It is financed by K Ltd. On Naman's failure to pay EMIs air-conditioner is repossessed by K Ltd. on February 2, 2020. Later on, K Ltd. sells the air-conditioner on March 10, 2020. for ₹ 1, 12, 000. Determine Value of supply.

Ques 19 Mr. A, a registered supplier of pharmaceuticals, pays GST under regular scheme. He is not eligible for any threshold exemption. He gives the following information pertaining to December 2019:-

	(₹)
Outward Supply :-	
Intra-state supply of goods	50,00,000
Inter-state supply of goods	10,00,000
Inward Supply :-	
Intra-state purchase from registered dealer	28,00,000
Intra-state purchase of goods from Unregistered dealer	4,00,000
Inter-State purchase of goods from registered dealer	8,00,000

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Ques 19 Continued.

Balance of input tax credit at the beginning of December 2019	₹
CGST	1,90,000
SGST	1,20,000
IGST	1,00,000

Additional Information:

- He purchased a car (intra-state supply) for business purpose for ₹ 6,72,000 (which includes CGST of ₹ 36,000 and SGST ₹ 36,000) on December 15, 2019. He capitalizes full value (including GST) in the books on the same date to claim depreciation.
- Out of inter-state purchase from registered dealer, goods worth ₹ 200000 are received on January 3, 2020 due to road traffic jams.
- Rate of CGST, SGST and IGST to be 9%, 9% & 18% respectively.
- Both inward & outward supply given above are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing ITC have been fulfilled except above.

Compute the net CGST, SGST & IGST payable in cash by Mr. A for the month of December 2019.

Ques 20 Discuss, who is liable to pay GST in the two cases given below? Assume that the recipient is located in the taxable territory. Ignore the aggregate turnover & exemption available.

1 Yash provides sponsorship services to a tennis academy, an LLP.

2 Rishiraj Transporter, a goods transport agency, transports goods of AB Co. (a partnership firm which is not registered under GST).

Ques21 Explain in brief the conditions to be fulfilled by a registered person under GST law for availing the option to pay Concessional tax at the rate of 6 per Cent under GST as per the Notification No. 2/2019 CT(R) dated March 7, 2019, with effect from April 1, 2019.

Ques22 Singh & Co., a GST registered supplier, provides the following information regarding various tax invoices issued by it during the month of March 2020-

CASE 1: Value of supply charged in an invoice is ₹ 500000 against the actual taxable value of ₹ 4,60,000.

CASE 2: Tax charged in an invoice is ₹ 64000 against the actual tax liability of ₹ 1,00,000 due to wrong HSN Code being chosen while issuing invoice.

CASE 3: Value charged in an invoice is ₹ 160000 as against the actual value of ₹ 2,10,000 due to wrong quantity considered while billing.

Singh & Co. wants to know —

1. Who shall issue a debit/credit note under GST law?
2. Whether debit or credit note has to be issued in each of the above circumstances and, if so, quantify the amount for which it is to be issued.
3. What is the maximum time-limit available for declaring the credit note in GST return?

Ques23 Determine with reason whether the following statements are true or false -

1. A registered person shall issue a separate invoice for supplying both taxable as well as exempted goods

to an unregistered person.

- A non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month.

Ques24 Discuss the following cases keeping in view the provisions of section 37 (furnishing returns of outward supply) and rule 59 (return forms) -

- Mr. X is a registered supplier in the State of Rajasthan. He uploads GSTR-1 every month. During the month of January 2020, he is out of India & no transaction is made during this month. He is of the view that there is no transaction, there is no need to upload GSTR-1 for the month of January 2020. Is he correct?

- Mrs. Y is a registered dealer in Karnataka. She is registered as normal taxpayer for the financial year 2019-20. But on February 15, 2020, She converts herself from normal taxpayer to Composition Scheme taxpayer. Is she liable to upload GSTR-1 for the month of March 2020?

- Mr. Z, a registered dealer in Gujarat, does not upload GSTR-1 for the month of June 2019 but he wants to upload GSTR-1 for the month of July 2019. Is it possible?

Ques25 Mahesh, a consigner, is required to move goods from Ahmedabad (Gujarat) to Bhuj (Gujarat). He appoints Ramesh, transporter for movement of goods. Ramesh transporter moves the goods from Ahmedabad (Gujarat) to Kheda (Gujarat). For completing the movement of goods from Kheda to Bhuj, Ramesh transporter now hands over the goods to Kamlesh transporter. Explain the procedure regarding e-way bill to be followed by consignor & transporter as per provisions of GST law & rules made thereunder.

Ques 26 Saini Engineers had a mould delivered directly to a job worker from the supplier for making certain precision parts for use in the factory of Saini Engineers. As per agreement, the mould was to remain with job worker as long as work was being sent to him.
After 4 years a departmental audit team that visited the job worker noticed the mould and traced it to Saini Engineers. GST was demanded from Saini Engineers for taking ITC without receiving mould & furthermore for not bringing the mould back after 3 years of delivery to the job worker. How should they respond to this?

Ques 27 JKL manufacturers Ltd. engages Bala & Sons as an agent to sell goods on its behalf. For the purpose, JKL manufacturers Ltd. has supplied the goods to Bala & Sons located in Chandigarh. Enumerate the accounts required to be maintained by Bala & Sons as per rule 56(11) of CGST Rules, 2017.

Ques 28 What recourse may be taken by the officer in case proper explanation is not furnished for the discrepancy detected in return filed, while conducting scrutiny under Section 61 of CGST Act?

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Ques 29 Mr. Dharmesh, an unregistered person under GST purchase the goods supplied by Mr. Mahesh who is a registered person without receiving a tax invoice from Mr. Mahesh and thus helps in tax evasion by Mr. Mahesh. What disciplinary action may be taken by tax authorities to curb such type of cases & on whom?

Ques 30 The Appellate Tribunal has the discretion to refuse to admit any appeal. Examine the correctness of above statement.

Ques 31 F ltd. imported a machine from UK in February, 2020. The details in this regard are as under:

(i) FOB value of the machine : 10,000 UK Pound
(ii) Freight (Air) : 3000 UK Pound
(iii) License fee the buyer was required to pay in UK: 500 UK Pound
(iv) Buying commission paid in India ₹20,000
(v) Date of bill of entry was 20.03.2020 and rate of exchange notified by CBIC on this date was ₹100 per one pound. Rate of BCD was 7.5%.
(vi) Date of arrival of aircraft was 25.03.2020 and the rate of exchange notified by CBIC on this date was ₹99 per one pound and rate of BCD was 10%.
(vii) Engineering & design charges paid to a firm in UK ; 20% of price of machine.
(viii) Materials & components supplied in UK by the buyer free of cost valued at ₹20000.
(ix) Insurance premium details were not available
(x) Integrated tax was 12%.

You are required to compute the assessable value, total customs duty & integrated tax payable on the importation of machine. State the reasons also.

Ques32 Mehra industries Ltd. imports an equipment by air. CIF price of the equipment is 6000 US\$. 9 freight paid is 1200 US\$ and insurance cost is 1800 US\$. The banker realizes the payment from importer at the exchange rate of ₹ 61 per US\$. The Central Board of Indirect taxes & Customs notifies the exchange rate as ₹ 70 per US\$ while rate of exchange notified by RBI is ₹ 72 per US\$.

Basic customs duty is 10%. Integrated tax is leviable @ 12% and social welfare charge is 10% on duty. Ignore GST compensation cess.

You are required to compute the amount of total duty & integrated tax payable by Mehra Industries Ltd. under Customs Law.