

GOODS & SERVICES TAX

Amendments in this section includes relevant notifications and circulars issued between 01.05.2019 to 31.10.2019.

Note- Relevant amendments made by the Finance (No.2) Act, 2019 are not applicable for May 2020 Exam, as the same have not become effective till 31.10.2019.

Chapter 1

RELEVANT AMENDMENTS

1. Supply & chargeability under GST

Nature	Treatment
<ul style="list-style-type: none"> Service by way of grant of alcoholic liquor licence by State Govt. 	<p>Neither a supply of goods nor a supply of service:</p> <p>Condition - Such service is undertaken by the State Governments in which they are engaged as public authorities, against consideration in the form of licence fee or application fee or by whatever name it is called. [Section 7(2) read with Notification No.24/2019, dated 30.9.2019]</p>
<ul style="list-style-type: none"> Services by way of grant of other license by Govt. [Such as mining rights, spectrum etc.] against payment of consideration in the form of fee, royalty. 	<p>Treated as Supply.</p> <p>It is clarified that the above special dispensation applies only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States and has no applicability or precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable. [Circular No. 121/2019, dated 11.10.2019]</p>
<ul style="list-style-type: none"> Service of display of name or placing of name plates of the donor in the premises of charitable organisations receiving donation or gifts from individual donors 	<p>When the name of the donor is displayed in recipient institution premises, in such a manner, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). There is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration. [Circular No. 116/2019, dated 11.10.2019]</p>

Question 1: Discuss the taxability of the following -

(a) "Good wishes from Mr. Rajesh" printed underneath a digital blackboard donated by Mr. Rajesh to a charitable Yoga institution.

(b) "Donated by Smt. Malati Devi in the memory of her father" written on the door or floor of a room or any part of a temple complex which was constructed from such donation.

Answer: In both the cases, it may be noticed that there is no reference or mention of any business activity of the donor which otherwise would have got advertised. Thus, where all the following three conditions are satisfied GST is not leviable –

- (i) the gift or donation is made to a charitable organization,
- (ii) the payment has the character of gift or donation and
- (iii) the purpose is philanthropic (i.e. it leads to no commercial gain) and not advertisement,

2. Applicability of Composition Scheme or Notification No. 2/2019

Scheme	Not applicable to
Composition Scheme	Manufacturer of – <ul style="list-style-type: none"> • Ice cream and other edible ice, whether or not containing cocoa. • Pan masala • Tobacco and manufactured tobacco substitutes. • aerated water (tariff item 2202 1010) w.e.f 1.10.2019
Alternative Composition scheme (Notification No. 2/2019)	Supplier of – <ul style="list-style-type: none"> • Ice cream and other edible ice, whether or not containing cocoa. • Pan masala • Tobacco and manufactured tobacco substitutes. • aerated water (tariff item 2202 1010) w.e.f 1.10.2019

3. Reverse Charge Mechanism

1. Copyright Services (original literary works)

Old provisions	New provisions w.e.f 1.10.2019
Supply of service by author to Publisher was under RCM	Now, it is optional. Author can opt to pay tax under forward charge.
Accordingly, earlier entry is substituted -	
10. Copyright Services (original literary/dramatic/musical/artistic works) Supply of services by an author, music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered u/s. 13(1)(a) of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher, music company, producer or the like.	Author or music composer, photographer, artist, or the like Publisher, music company, producer or the like, located in the taxable territory. Upto 30.9.2019
Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original dramatic, musical or artistic works to a music company, producer or the like	Music composer, photographer, artist, or the like Music company, producer or the like, located in the taxable territory w.e.f 1.10.2019
Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub -section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher. [w.e.f 1.10.2019]	Author Publisher located in the taxable territory. However, if the author has taken GST registration, he can opt to pay tax under forward charge by giving a declaration. Option once exercised cannot be changed within 1 year from the date of exercising the option.

Answer:

(i) The Statement is not fully correct, w.e.f 1.10.2019 the law has been amended in this regard which provides that if the author is registered under GST then he can opt to pay GST under forward charge by giving a declaration. In such a case, the Publisher has no liability to pay GST.

(ii) The statement is correct. As the said supply is a notified services u/s. 9(3), where there is no option for forward charge.

(iii) w.e.f 1.10.2019

(a) It is a exempted service, hence no GST liability.

(b) Y Pvt. Ltd. shall be liable to pay GST compulsorily u/s. 9(3) and has to get registration if not registered.

(c) X Pvt. Ltd has to pay GST on forward charge basis, if he is registered under GST.

(iv) Upto 31.09.2019: Mr. Lender shall discharge GST payable under Forward Charge.

From 1.10.2019: Mr. Borrower is liable to pay GST under reverse charge u/s. 9(3).

The nature of GST shall be IGST.

(v) A supplier of aerated water (tariff item 2202 1010) cannot opt the scheme w.e.f 1.10.2019.

4. EXEMPTION UNDER GST

1. Threshold limit provided under Exemption is now aligned with the threshold limit applicable for registration:-

Description of Services	Related amendments
1. Services provided by Central Govt/State Govt/UT/local authority to Business entity	Wherever turnover upto ₹20 lakhs/10 lakhs is given, following line shall be substituted – “turnover upto such amount in the preceding Financial Year as makes it eligible for exemption from registration under GST”.
2. Services provided by Arbitral Tribunal, advocates to business entity	

2. New Entry of exemption –

Category of services	Exemption allowed to - w.e.f 1.10.2019
1. Sports & Entertainment Event Services	<p>1. Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020, is exempted</p> <p>2. Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India, is exempted.</p> <p>Condition: Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U-17 World Cup 2020.</p>
2. Storage/warehousing services	Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea, is exempted.
3. Life Insurance	Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force, is exempted

4. General Insurance	Services of general insurance business provided under Bangla Shasya Bima Scheme, is exempt.
5. Renting/Hiring Services	Services by way of giving on hire to a local authority, an Electrically operated vehicle meant to carry more than 12 passengers; shall be exempted w.e.f 1.8.2019. “Electrically operated vehicle” means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975, which is run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicle.

3. Amendment/modifications to earlier exemption:

Category of services	Old provisions	New provisions [w.e.f 1.10.2019]
1. Hotel Accommodation services	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below ₹ 1,000 per day or equivalent, is exempt.	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to ₹1,000 per day or equivalent, is exempt.
2. Transportation of goods by aircraft/vessel.	Services by way of transportation of goods by an aircraft/Vessel from customs station of clearance in India to a place outside India upto 30.9.2019, is exempt.	Services by way of transportation of goods by an aircraft/Vessel from customs station of clearance in India to a place outside India upto 30.9.2020, is exempt. [date extended]

4. Clarification on certain services

1. Circular No. 109/2019, dated 22.7.2019: Issues related to GST on monthly subscription/contribution charged by a Residential Welfare Association (RWA) from its members:

(i) GST is leviable on the entire amount where the monthly contribution exceeds ₹7500 p.m and not on the difference amount. Further, the aggregate turnover of RWA must exceeds ₹20 lakhs to charge GST. Otherwise nothing shall be taxable even if the monthly contribution exceeds ₹7500 p.m.

For example, if the maintenance charges are ₹9000/- per month per member, GST @18% shall be payable on the entire amount of ₹ 9000/- and not on [₹9000 - ₹7500] = ₹ 1500/- [Assuming the aggregate turnover of RWA exceeds ₹20 lakhs]

(ii) If a person owns two residential apartments in a residential complex the exemption from GST shall be available to each apartment and not per person.

(iii) RWAs are entitled to take ITC in accordance with provisions of ITC.

Question 3: A Resident Welfare Association (RWA) collects the following amounts from its 100 members for the month of March 2020. Determine the taxability or otherwise of the following amounts and compute Goods and services tax payable by the RWA.

Particulars	Amount in ₹
Contribution from 20 residents of ₹3,500 each	70,000
Contribution from 65 residents of 8,000 each	5,20,000
Collection towards payment of electricity bills of residents for 20 residents as per bills submitted	76,000

Collection in respect of electricity bill issued in the name of RWA towards electricity consumption for common use	48,000
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Provide brief notes and explanations for your answer. Assuming rate of GST is 18% and is separately charged. Assuming he is not availing the benefit of threshold limit.

Solution to Question 3:

Particulars	Amount in ₹
Contribution from 20 residents of ₹3,500 each [Exempt upto Rs. 7,500 p.m per member]	Nil
Contribution from 65 residents of ₹ 8,000 each [fully taxable since exceeds ₹7500]	5,20,000
Collection towards payment of electricity bills of residents for 20 residents as per bills submitted – not taxable being pure agent	Nil
Collection in respect of electricity bill issued in the name of RWA towards electricity consumption for common use – taxable	48,000
Taxable Value	5,68,000
CGST @ 9%	51,120
SGST @ 9%	51,120

2. Circular No. 117/2019, dated 11.10.2019: Maritime Training Institutes and their training courses are approved by the Director General of Shipping which are duly recognised under the provisions of the Merchant Shipping Act, 1958 read with the Merchant Shipping (standards of training, certification and watch-keeping for Seafarers) Rules, 2014.

Therefore, the Maritime Institutes are educational institutions under GST Law and the courses conducted by them are exempt from levy of GST subject to satisfaction of other conditions.

3. Whether penal interest on late payment of EMI is considered as interest on loan/advances and therefore exempt from GST?

Circular No. 102/2019, dated 28.6.2019

Cases	Additional/penal interest on delayed payment of EMI
If such additional /penal interest is charged by the supplier of goods	Included in the value
If such additional /penal interest is charged by a third party providing the finance	Exempted [consider as interest on loan/advances]

Question 4: Mr. X sells a mobile phone to Y. The cost of mobile phone is ₹ 40,000/-. However, X gives Y an option to pay in installments, ₹11,000/- every month before 10th day of the following month, over next four months (₹11,000 x 4 = ₹44,000/-). Further, as per the contract, if there is any delay in payment by Y beyond the scheduled date, Y would be liable to pay additional / penal interest amounting to ₹ 500/- per month for the delay.

In some instances, X is charging Y ₹40,000/- for the mobile and is separately issuing another invoice for providing the services of extending loans to Y, the consideration for which is the interest of 2.5% per month and an additional / penal interest amounting to ₹500/- per month for each delay in payment. Whether penal interest so charged by Mr. X shall form part of taxable value of supply of goods or not?

Answer: As per the provisions of sub-clause (d) of sub-section (2) of section 15 of the CGST Act, the amount of penal interest is to be included in the value of supply. The transaction between X and Y is for supply of taxable goods i.e. mobile phone. Accordingly, the penal interest would be taxable as it would be included in the value of the mobile, irrespective of the manner of invoicing [based CBEC Circulars]

Question 5: Mr. X sells a mobile phone to Y. The cost of mobile phone is ₹ 40,000/-. Y has the option to avail a loan at interest of 2.5% per month for purchasing the mobile from M/s ABC Ltd. The terms of the loan from M/s ABC Ltd. allows Y a period of four months to repay the loan and an additional / penal interest @ 1.25% per month for any delay in payment. Whether penal interest so charged by Mr. X shall form part of taxable value of supply of goods or not?

Answer: The additional / penal interest is charged for a transaction between Y and M/s ABC Ltd., and the same is exempted supply of service covered under Sl. No. 27 of notification No. 12/2017- Central Tax (Rate) dated 28.06.2017. Accordingly, in this case the 'penal interest' charged thereon on a transaction between Y and M/s ABC Ltd. would not be subject to GST. The value of supply of mobile by X to Y would be ₹ 40,000/- for the purpose of levy of GST. [based CBEC Circulars]

4. Effective date of explanation inserted in Exemption notification issued u/s. 11

Section 11(3) of CGST Act provides that the Government may insert an explanation in any notification issued under section 11, for the purpose of clarifying its scope or applicability, at any time within one year of issue of the notification and every such explanation shall have effect as if it had always been the part of the first such notification.

Question 6: Determine the effective date of applicability of Explanation inserted by virtue of Sec. 11(3), other information are as under -

- Original Notification No. 11/2017, issued on dated 28.6.2017 but effected from 1.7.2017
- A new entry NO. 3(vi) is inserted w.e.f 21.09.2017
- An Explanation is inserted w.r.t above entry on 26.7.2018.
- Effective date mentioned in the notification inserting this explanation is 27.7.2018

Answer- the effective date of explanation is 21.09.2017 and not 27.7.2018

5. Input Tax credit

RESTRICTION OF INPUT TAX CREDIT U/S. 16 READ WITH RULE 36(4)

[Notification No. 49/2019, dated 9.10.2019]

(1) The recipient can avail the eligible input tax credit fully where the details of invoices/debit notes in relation to such eligible credit are uploaded by the Supplier within the due date (i.e 11th of the following month).

(2) Where the supplier has not uploaded the details of invoices/debit notes within the due date (i.e 11th of the following month), the ITC for the month shall be restricted to 20% of the eligible credit in respect of invoices or debit notes the details of which have been uploaded by the suppliers. [Rule 36(4) w.e.f 9.10.2019]

Note: The above restriction is not available w.r.t ITC claimed on RCM, ITC received through Input service distributor.

☞ Full ITC can be availed even if total invoices are not uploaded but at least 83.33% (100/120 x100) of eligible tax credit gets uploaded.

Question 7: Mr. Kredit receives 100 invoices (for inward supply of goods or services) involving eligible input tax credit of ₹ 10,00,000 from various suppliers during the month of Oct, 2019 and has to claim input tax credit in his GST return of October, to be filed by 20th Nov, 2019. Determine the input tax credit available in the following cases-

Case	Input tax credit available to Mr. Kredit in the month of Oct'2019
Case 1: Suppliers have furnished 80 invoices involving eligible input tax credit of ₹ 6 lakhs within the due date.	₹ 6,00,000 + ₹ 1,20,000 (20% of 6 lakhs) or ₹ 10,00,000; whichever is lower = ₹7,20,000.
Case 2: Suppliers have furnished 75 invoices involving eligible input tax credit of ₹ 8.5 lakhs within the due date.	₹ 8,50,000 + ₹ 1,70,000 (20% of ₹8.5 lakhs) or ₹ 10,00,000; whichever is lower = ₹10,20,000.

[Based on CBEC Circulars]

Note: In case 1, The balance input tax credit of ₹2,80,000 [10 lakhs- 7.2 lakhs] can be claimed by 'Mr. Kredit' in any of the succeeding months provided details of requisite invoices are uploaded by the suppliers and the aggregate input tax credit uploaded amounted to at least ₹8,33,333 (10 lakhs/120 x100).

6. Registration

1. Applying for Registration

1. Bank account details or any other information can be furnished even after obtaining the registration but not later than 45 days from the date of grant of registration or the date on which the return required u/s. 39 is due to be furnished, whichever is earlier. [Rule 10A]

However, in case of failure to furnish required information within the time provided in rule 10A, then registration is liable to be cancelled under rule 21. [Notification No. 31/2019, dated 28.06.2019]

[Earlier, it is required to be submitted at the time of applying for registration]

2. Suspension of Registration [Rule 21A]

The registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration under rule 22.

The said person shall not make any taxable supply during the period of suspension and shall not be required to furnish any return under section 39.

The expression "shall not make any taxable supply" shall mean that the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the period of suspension. [w.e.f 9.10.2019]

Further, where any order having the effect of revocation of suspension of registration has been passed, the provisions of revised invoice and First return (section 40) in respect of the supplies made during the period of suspension shall apply [w.e.f 9.10.2019] [Notification No. 49/2019, dated 9.10.2019]

7. Invoicing & E-way Bill

1. Special provisions for Issue of Tax Invoice

For person supplying services by way of admission to exhibition of cinematograph films in **multiplex screens** –

(i) Facility of consolidated tax invoice, where value of service is less than ₹200 is not available.

(ii) **e-ticket in multiplex deemed to be tax invoice**, even if such ticket does not contain the details of the recipient of service but contains the other information as mentioned under rule 46:

Further, the supplier of such service in a screen other than multiplex screens may, at his option, follow the above procedure. w.e.f 1.9.2019. [**Notification No. 33/2019, dated 18.7.2019**]

2. Validity of the e-way bill:

Nature of Vehicle	Distance within country	Period of validity
Regular Transport Vehicle	For 100 km or part thereof	1 day
Over Dimensional Cargo	For 20km/part thereof	1 day
Multimodal shipment in which at least one leg involves transport by ship	For 20km/part thereof	1 day

Validity expires on the midnight of last day. E-way bill generated in one State is valid in other State.

Further, the validity of the e-way bill may be extended within eight hours from the time of its expiry

[Notification No.31/2019, dated 28.06.2019]

8. RETURN UNDER GST

1. Filing of annual return for F.Y. 2017-18 and 2018-19 is optional for small taxpayers whose aggregate turnover is less than ₹ 2 crores and who have not filed the said return before the due date. Provided that the said return shall be deemed to be furnished on the due date if it has not been furnished before the due date.

[Notification No. 47/2019,dated 9.10.2019]

2. Filing of GSTR-3 has been deferred, accordingly necessary amendment has been made to consider GSTR-3B as return u/s. 39(1) and it is also provided that where a return in FORM GSTR-3B is required to be furnished by a person then such person shall not be required to furnish the return in FORM GSTR-3.

[Notification No. 49/2019, dated 9.10.2019]

Question 8: Mr. Paul an accountant of Cinopolis (a multiplex) is of the view that since the admission to exhibition of cinematograph films is ₹190 per person. Therefore he is required to issue a consolidated tax invoice at the closing of each business day for the purpose of compliance of GST law. Comment

Question 9: Goods transported in road upto 12 KM in a regular cargo at first leg, then transported in a Ship at the last leg to 100 k.m and travelled **through two states** by Mr. GTA. At the time of generation of e-way bill Mr. GTA asked you to know the period of validity of e-way bill and number of e-way bill required to be generated.

Question 10: Mr. GSTN fails to submit its annual return for the F.Y 2017-18 within the due date. His aggregate turnover for the said F.Y was ₹ 70 lakhs. Whether he is required to pay any late fee under GST Law?

Answer to Question 8: For person supplying services by way of admission to exhibition of cinematograph films in multiplex screens, facility of consolidated tax invoice, where value of service is less than ₹200 is not available. Further, he is required to issue an e-ticket which shall be considered as deemed tax invoice

Answer to Question 9: Since it is a case of Multimodal shipment where at least one leg involves transport by ship, therefore E-way bill shall be valid for 6 days [total 112 km/ 1 day per 20km and part thereof]. Further, Mr. GTA is required generate one e-way bill as e-way bill generated in one state is valid in other state.

Answer to Question 10: For non-filing of annual return a late fee of ₹ 200 (CGST+SGST) for every day during which such failure continues subject to maximum of 0.50% (CGST+SGST) of his turnover in the State. However, in the given case he is not required to pay any late fee as filling of annual return for F.Y. 2017-18 and 2018-19 is optional for small taxpayers whose aggregate turnover is less than ₹ 2 crores and who have not filed the said return before the due date. **Further, it shall be deemed to be furnished on the due date if it has not been furnished before the due date.**

Chapter 2**Integrated Case Scenario (ICS) Based MCQs**

- ✘ Integrated case scenarios should comprise of a case scenario followed by a 5 to 6 MCQs based on the said case scenario.
- ✘ The length of the case scenario (including MCQs) should be for 1 to 2 pages.
- ✘ Each MCQ should have four options out of which there should be only one correct option.
- ✘ The MCQs should be application-oriented and should arise from the case scenario [i.e., they should be framed in such a manner that the relevant provisions of laws /concepts and principles would need to be applied to the facts of the case scenario to choose the correct option]

Integrated Case Study 1:

Mrs. Nancy, GST-Manager of Mirza Group of Companies, operated in wide range of business manufacturing, retailing, fashion, hotel, NGO (Ch. Trust) etc. provides you the following information–

Name of the Unit	Particulars
Mirza Hotel Pvt. Ltd.	1. Actual declared value of single deluxe room is ₹1200. Rs. 200 discount passed to client on occasion of New Year. Total no. of room booked of similar category booked on 1.1.2020 is 50. Assuming rate of GST 5% (without ITC). Input GST available related to particular transaction ₹ 5,000.
Mirza Ch. Trust	2. Donation received from Mr. Samuel, an Industrialist of ₹5,00,000 for organizing free educational programme for Orphaned. The name of donor is printed in the catalogue as “Good wishes from Mr. Samuel”.
Mirza Retail Pvt. Ltd.	Newly incorporated to open retail chain in various metro cities. File an application for registration under GST but forget to to submit details of bank a.c .
Mirza Chemicals Pvt. Ltd.	<ul style="list-style-type: none"> i. Intra State supply made to a Registered person Mr. Anuj ₹ 3,00,000 ii. Inter State supply made to a registered a person Mr. Bhanu ₹ 10,000 iii. Inter State supply made to an unregistered person Mr. Chandu ₹20,000 iv. Intra State supply to an unregistered person Mr. Daga ₹4,00,000 v. Inter State supply made to an unregistered person Mrs. Ekta ₹2,80,000
Mirza Cold Storage Pvt. Ltd.	Rental charges collected in a month for storage of Apple ₹ 5,00,000. Assuming rate of GST 18%. Input GST available related to particular transaction ₹ 10,000.
Mirza Goods Transport Agency Services Pvt. Ltd.	Goods Transported in road 12 KM in a regular cargo, then transported in a Ship 100 k.m and travelled through two states. E-way bill is generated. Hire charges received ₹ 10 lakhs for renting of goods carriage to another registered GTA. Input GST available related to particular transaction ₹ 20,000.
	Hire charges received ₹ 1 lakh for renting of e-vehicle meant to carry 13 passenger to a local authority. Input GST available related to particular transaction ₹ 10,000.
Mirza Cement Pvt. Ltd.	Self- assessed tax payable for the month of March, 2020 ₹ 1 crores. Dues of tax for the month of Feb 2020 ₹ 10 crores on account of ITC reversal.

On the basis of above information, you are required to answer the following queries raised by Mrs. Nancy, which she faced during the course of performing her duties as GST Manager:-

(1) The amount of GST payable and ITC to be claimed w.r.t transaction referred to in Mirza Hotel Pvt. Ltd. would be –

- (a) GST payable Nil, as the actual tariff does not exceed ₹1000. ITC available Nil, as used wholly for exempted outward supply.
- (b) GST payable ₹ 2500, since the actual value is not below ₹1000, ITC not available, as 5% rate is applicable with the condition that no ITC is allowed.
- (c) GST payable ₹ 2500, Total ITC available ₹ 5000.
- (d) GST payable ₹ 2500, since the declared value exceeds ₹1000, ITC not available, as 5% rate is applicable with the condition that no ITC is allowed.

(2) Whether donation received by Mirza Ch. Trust amounted to supply and therefore liable for GST?

- (a) Not amounted to supply, as the display of name is only an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at advertising or promotion of his business. Further, there is no oblation (*quid pro quo*) on the part of the Trust to do anything (supply a service). Hence, GST is not leviable.
- (b) Amounted to supply, as the term business under GST includes non-profit making activities. Hence, liable for GST.
- (c) Amounted to supply, as GST laws does not provide specific dispensation to a charitable trust.
- (d) Amounted to supply, as the term consideration also includes donation/gift.

(3) Whether application filed by Mirza Retail Pvt. Ltd. is valid in GST Law or a fresh application needs to be filed?

- (a) The application is not valid, as the law requires to submit bank account details at the time of applying for registration, hence a fresh application needs to be filed.
- (b) The application is valid, as the law requires that bank account details can be furnished within 45 days after obtaining the registration or within the due date of return u/s. 39, whichever is earlier, therefore no fresh application required, bank account details should be submitted within the time prescribed.
- (c) The application is not valid, as all the relevant information are not submitted.
- (d) The application is valid, as there is no such requirement under GST to submit bank details unlike income tax Act.

(4) In relation to supply made by Mirza Chemicals Pvt. Ltd. which are the supplies required to submitted under invoice wise details in GSTR-1 and which are required to be submitted under consolidated details in GSTR-1.

- (a) Invoice wise details for point (i),(ii) and (v); State Wise Consolidated details for point(iii) and (iv)
- (b) Invoice wise details for point (i) and (ii); State Wise Consolidated details for point(iii), (iv) and (v)
- (c) Invoice wise details for point (i), (ii) and (v); Consolidated details for point(iii) and (iv) without any State
- (d) Invoice wise details for point (i) and (v); State Wise Consolidated details for point (ii), (iii), (iv) and (v)

(5) The amount of GST payable and ITC to be claimed w.r.t supply made by Mirza Cold Storage Pvt. Ltd. would be –

- (a) Storage or warehousing of fruits is an exempted supply, therefore neither GST payable nor ITC available.
- (b) Storage of rice is exempted and not fruits therefore GST payable is 90,000 and ITC available ₹ 10,000.
- (c) GST not payable as fruits is an agricultural produce, also ITC not available.
- (d) GST not payable, as it is not a supply and also ITC not available.

(6) In relation to transaction referred to in Mirza Goods Transport Agency Services Pvt. Ltd., What should be the GST liability and period of validity of e-way bill and number of e-way bill required?

- (a) GST liability is Nil, as both the supplies are exempted. E-way bill shall be valid for 6 days and one e-way bill is required to be generated as e-way bill generated in one state is valid in other state.
- (b) GST liability is Nil, as both the supplies are exempted. E-way bill shall be valid for 2 days and one e-way bill is required to be generated as e-way bill generated in one state is valid in other state.
- (c) GST liability is Nil, as both the supplies are exempted. E-way bill shall be valid for 6 days and two e-way bill is required to be generated for two different State.
- (d) GST liability is Nil, as the same is payable by the recipient under RCM E-way bill shall be valid for 6 days and one e-way bill is required to be generated as e-way bill generated in one state is valid in other state.

(7) There is debit balance of ₹ 1 crores in the e-cash ledger of Mirza Cement Pvt. Ltd, the said amount shall be first utilised towards payment of –

- (a) Self-assessed tax of March,2020
- (b) Tax dues of Feb, 2020
- (c) any current month tax or pad dues without any order
- (d) current month tax and past month tax on proportionate basis.

Integrated Case Study 2

Mr. Paul Managing Director of M/s. Shalimar Industries, a registered taxable person of West Bengal at the time preparation of filing annual return for the 2017-18 in form GSTR-9, has noticed that the company has set off excess ITC of IGST ₹9,00,000 and SGST ₹2,00,000 in its monthly return GSTR-3B for the month of March 2018. The Return for the March 2018 was filed on 20.4.2018. The excess claim of ITC is not covered u/s. 42(10). He want to pay such amount voluntarily u/s.73(5) of the CGST Act, 2017 on 7th February 2020. The Due date of filing annual return for 2017-18 is 7.2.2020.

The e-cash ledger of the company as on 7/2/2020 shows as under –

Heading	IGST	CGST	SGST	Cess
Tax	-	2,00,000	-	-
Interest	-	-	-	-
Penalty	-	-	-	-
Fee	-	-	-	-

The e-credit ledger of the company as on 7/2/2020 shows as under –

Heading	IGST	CGST	SGST	Cess
Tax	-	10,00,000	-	-
Interest	-	-	-	-
Penalty	-	-	-	-
Fee	-	-	-	-

In view of the above answer the following queries of Mr. Paul –

(1) Whether the company is liable to pay any interest, if yes, then what should be the rate of interest to be charged?

- (a) Yes, @ 18% p.a
- (b) Yes, @ 24% p.a
- (c) NO
- (d) Yes, @ 18% p.a for IGST and 9% p.a for SGST

(2) What should be the amount of interest liability to be payable?

- (a) Interest on IGST ₹ 2,92,044 and Interest on SGST ₹64,899
 (b) Interest on IGST ₹ 2,92,044 and Interest on SGST ₹32,449
 (c) Interest on IGST ₹ 3,89,392 and Interest on SGST ₹86,532
 (d) Nil

(3) Can the company off set the Credit balance of e-credit ledger under CGST against the tax and interest payable under the head IGST u/s. 73(5) of the CGST Act, 2017 ?

- (a) No, full amount to be paid in cash
 (b) Yes, only for tax payment and not for interest payment.
 (c) Yes, can be set off against both tax and interest
 (d) NO, since it is payable u/s. 73(5).

(4) Can the amount lying in the e-cash ledger under the head CGST be used for payment of IGST, SGST and interest thereon, if yes what is the amount to be adjusted?

- (a) No, balance in one major head/minor head cannot be used for payment of tax or interest with other head/sub-head.
 (b) Yes, Set off against IGST tax ₹2,00,000.
 (c) Yes, Set off against SGST tax ₹ 2,00,000
 (d) Yes, Set off against interest on IGST ₹ 2,00,000.

(5) Determine the manner of set off of liability and the amount of challan to be created for discharge of tax and interest liability through e-cash ledger, the company wants to use ITC balance as maximum?

- (a) ITC on CGST of ₹9,00,000 shall be set off against payment of IGST of ₹9,00,000.

Challan to be created-

Heading	IGST	CGST	SGST	Cess
Tax	0	0	2,00,000	-
Interest	2,92,044	-	64,899-	-
Penalty	0	0	0	0
Fee	0	0	0	0
Total	2,92,044	0	2,64,899	

- (b) ITC on CGST of ₹9,00,000 shall be set off against payment of IGST of ₹9,00,000 and ITC of CGST of ₹ 1,00,000 shall be set off against payment of SGST.

Challan to be created-

Heading	IGST	CGST	SGST	Cess
Tax	0	0	1,00,000	-
Interest	2,92,044	-	64,899-	-
Penalty	0	0	0	0
Fee	0	0	0	0
Total	2,92,044	0	1,64,899	

- (c) ITC on CGST of ₹9,00,000 shall be set off against payment of IGST of ₹9,00,000. Cash balance under GCST of ₹ 2,00,000 shall be set off against SGST payable.

Challan to be created-

Heading	IGST	CGST	SGST	Cess
Tax	0	0	0	-
Interest	2,92,044	-	64,899-	-
Penalty	0	0	0	0

Fee	0	0	0	0
Total	2,92,044	0	64,899	

(d) ITC on CGST of ₹9,00,000 shall be set off against payment of IGST of ₹9,00,000. Cash balance of ₹2,00,000 under CGST shall be set off against interest under IGST payable.

Challan to be created-

Heading	IGST	CGST	SGST	Cess
Tax	0	0	2,00,000	-
Interest	92,044	-	64,899-	-
Penalty	0	0	0	0
Fee	0	0	0	0
Total	92,044	0	2,64,899	

(6) The liability shall be discharged through -

- (a) Form No. GSTR-3B
- (b) Form No. GSTR-9
- (c) Form No. GST DRC-03
- (d) For No. GSTR-1

Integrated Case Study 3

Mr. Walia, a native of Tripura, came to Kolkata for study purpose and has completed his Diploma in Food and Beverages (F&B) Services from the Institute of Hotel Management, Kolkata on 1.5.2019. Thereafter, he joined 'The Dark' a 3-star hotel under a placement programme. On 1.8.2019 he applied for a retail liquor license to the State Excise Department of Tripura. On 20.11.2019 he got the license to open a retail wine shop in the State of Tripura. He paid license fee of ₹1 crores to the State Govt. On the same day he left his job and shifted to his hometown.

During his internship he got total salary of ₹1,20,000. On 1.12.2019 he started his retail wine shop in his home town. From 10.1.2020 he started an ice-cream and soft drink parlour in his home town. His turnover from both the business are as under:

Period	Wine Shop	Ice Cream and Soft drink parlour
1.12.2019 to 31.12.2019	20 lakhs	-
1.1.2020 to 9.1.2020	7 lakhs	-
10.1.2020 to 10.1.2020	1 lakh	2 lakhs
Total	28 lakhs	2 lakhs

Based on the information given above, choose the most appropriate You are required to answer the following queries raised by Mr. Walia in order to comply the GST Laws: -

1. Which of the following shall be considered for determining aggregate turnover for the purpose of registration?

- (i) Salary received by him from hotel The Dark
 - (ii) Sale of Shares and Securities
 - (iii) Sale of Industrial land
 - (iv) interest on bank deposits
- (a) i
 - (b) ii
 - (c) ii and iv
 - (d) iv

2. What would be the aggregate turnover u/s. 2(6) of the CGST Act, 2017?

- (a) 33 lakhs
- (b) 83 lakhs
- (c) 80 lakhs
- (d) 2 lakhs

3. What is the threshold limit for registration for him and whether he is liable for registration under GST?

- (a) ₹10 lakhs and Yes
- (b) ₹40 lakhs and No
- (c) ₹20 lakhs and Yes
- (d) ₹10 lakhs and No

4. From which date he is liable for registration and the last date of filing application and in which Form?

- (a) From 1.1.2020, by 31.1.2020, in Form GST REG-01
- (b) From 10.1.2020, by 9.2.2020, in Form GST REG-01
- (c) From 1.12.2019, by 31.1.2020, in Form GST REG-01
- (d) From 10.1.2020, by 9.2.2020, in Form GSTR-01

5. What document he is required to prepare and issue to his customer for supply of ice cream and soft-drink product and in how many copies and the due date of issue?

- (a) Tax Invoice; in triplicate, before or at the time of removal of goods
- (b) Tax Invoice; in duplicate, before or at the time of removal of goods
- (c) bill of supply or any other commercial invoice
- (d) Tax Invoice; in triplicate, within 30 days from the date of supply

6. Whether he is required to furnish any return under GST? If yes, in which form and the period covered in his first monthly return and the due date of furnishing the return, if order of registration certificate is issued on 05.02.2020?

- (a) Yes, in GSTR-3B, From 10.01.2020 to 28.02.2020, by 20th March 2020
- (b) No
- (c) Yes, GSTR-3B, 10.01.2020 to 05.02.2020, by 20th Feb 2020
- (d) Yes, GSTR-3B, 05.02.2020 to 28.02.2020, by 20th March 2020

7. Can he opt composition Scheme u/s. 10 or alternative composition scheme Notification No.2/2019 Central Tax (Rate) dated 07.03.2019 to discharge his GST liability?

- (a) Yes, since turnover does not exceed ₹ 75 lakhs
- (b) No, engaged in supply of non-taxable or services
- (c) Yes, since not engaged in manufacture of ice-cream
- (d) Yes, since value of service does not exceed ₹ 5 lakhs

8. Is he liable to pay GST on reverse charge basis for license fee paid to State Govt.?

- (a) Yes, as it amounts to supply and services from Govt. is notified u/s. 9(3)
- (b) No, since it is neither supply of goods nor a supply of services
- (c) NO, since it is not covered u/s. 9(3)
- (d) NO, since supply of alcohol is outside the scope of GST

Answer to Integrated Case Study 1:

Q. No.	Correct Option	Hints
1.	(a)	Refer Amendment notes
2.	(a)	Refer Amendment notes
3.	(b)	Refer Amendment notes
4.	(a)	Refer chapter Return page NO. 13.1 in our Study Mat for manner of furnishing of details in GSTR-1
5.	(a)	Refer Amendment notes
6.	(a)	Refer amendment notes
7.	(b)	Refer section 49(8) page 9.7 point (3) of our MAT.

Answer to Integrated Case Study 2:

Q. No.	Correct Option	Hints
1.	(a)	
2.	(a)	Working – NO of days of delay after due date [From 21.4.2018 to 7.2.2020] [345 days+313 days =658 days] Interest on IGST =9,00,000x 18%/365*658 = 292044 Interest on SGST = 2,00,000 x 18%/365*658 = 64,899
3.	(b)	ITC can be utilised for payment of tax and not interest. Further, ITC on CGST can be set off with IGST payable and not with SGST payable.
4.	(a)	Cash balance in major head CGST can only be used for set off of liability of CGST and therefore cannot be used for payment of other liability.
5.	(a)	CGST ITC balance of ₹ 9,00,000 set off against IGST. Balance in CGST ITC cannot be used for payment of interest under IGST or tax/interest under SGST. CGST cash balance cannot be set off. Therefore, challan to be created for interest payable on IGST and tax and interest payable under SGST.
6.	(c)	GSTR-3B for 17-18 already filed. GSTR-1 and GSTR-9 has no option for payment of tax due. It can be paid through DRC-03.

Answer to Integrated Case Study 3:

Q. No.	Correct Option	Hints
1.	(d) interest on bank deposit (exempted supply)	(i),(ii),(iii) are neither supply of goods nor supply of services, therefore will not form part of aggregate turnover.
2.	(a) 33 lakhs	As per section 2(6) aggregate turnover = taxable + exempted + non-taxable supply of goods or services = 2 + 3 + 28 =33 lakhs
3.	(a) ₹10 lakhs and Yes	The limit for the State of Tripura is ₹10 lakhs

4.	(b) From 10.1.2020, by 9.2.2020, in Form GST REG-01	For the period between 1.12.2019 to 09.01.2020, he shall not be required to be registered as he is engaged in exclusively non-taxable and exempted supplies. [Refer Section 23] From 10.1.2020, he shall be required apply for registration within the 30 days, as his engaged in supply of taxable goods and his aggregate turnover exceeds ₹10 lakhs.
5.	(a) Tax Invoice; in triplicate, before or at the time of removal of goods	
6.	(a) Yes, in GSTR-3B, From 10.01.2020 to 28.02.2020, by 20 th March 2019	
7.	(b) NO	Since engaged in supply of non-taxable or services
8.	(b) NO	Since it is neither a supply of goods nor a supply of service -notified u/s. 7(2).