

REGISTRATION**Question 1: write a note on Registration on the basis of Threshold exemption.****Answer:**

As per section 22, every supplier of **goods or** services or services plus goods shall be liable to be registered in the State / Union Territory if his aggregate turnover in a financial year exceeds ₹20,00,000 but in case of below mentioned states it will be taken as **₹10,00,000**. Similarly if any person is supplying exclusively specified goods i.e. Ice cream, Pan masala, Tobacco product etc., registration is required if limit has been exceeded ₹ 20,00,000 but in case of below mentioned states, it will be ₹ 10,00,000

Such certain states are

1. Manipur
2. Mizoram
3. Nagaland
4. Tripura

As per notification No. 10/2019 central tax 07-03-2019, in case of a person engaged in **EXCLUSIVE SUPPLY OF GOODS**, except specified goods i.e. ice cream Pan masala, Tabacco etc., registration shall be required if turnover has exceeded ₹40,00,000 but in case of following states limit shall be ₹20,00,000 and not ₹40,00,000

1. Manipur**2. Mizoram****3. Nagaland****4. Tripura**

5. Arunachal Pradesh

6. Meghalaya

7. Puducherry (Pondicherry)

8. Sikkim

9. Telangana

10. Uttarakhand

For the sake of convenience, the above part is given in the table form also:**Limit for person supplying within the State/UT.**

SL.No	Name of State/UT	Limit for person supplying only services or services plus goods	Limit for person supplying only goods
01	Manipur	10,00,000	10,00,000
02	Mizoram	10,00,000	10,00,000
03	Nagaland	10,00,000	10,00,000
04	Tripura	10,00,000	10,00,000
05	Arunachal Pradesh	20,00,000	20,00,000
06	Meghalaya	20,00,000	20,00,000
07	Puducherry	20,00,000	20,00,000
08	Sikkim	20,00,000	20,00,000
09	Telangana	20,00,000	20,00,000
10	Uttarakhand	20,00,000	20,00,000
11	Other remaining States / UT	20,00,000	40,00,000

SL. No	Name of State/UT	Limit for person supplying Specified goods i.e. ice cream and other edible ice, pan masala, Tobacco etc.
01	Manipur	10,00,000
02	Mizoram	10,00,000

03	Nagaland	10,00,000
04	Tripura	10,00,000
05	Other remaining States / UT	20,00,000

As per section 2(6), "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and 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.

Aggregate turnover shall include all supplies made by the taxable person whether on his own account or on behalf of all his principals.

If a business is carried by a taxable person who is registered under this Act has transferred his business to any other person, the transferee shall obtain fresh registration from the date of transfer of business provided transferee is not a registered entity.

Example

1. ABC limited is supplying only goods and has two branches in two different States and Turnover in each State is ₹22,00,000, in this case company is required to take separate registration in each of the State and they will be considered to be distinct persons.

2. ABC limited is supplying services has two branches in two different States and Turnover in one State is ₹22,00,000 and in the other ₹3,00,000, in this case company is required to take separate registration in each of the State and they will be considered to be distinct persons.

Examples:

Supplier	Engaged	Aggregate turnover (in lakhs)	Applicable threshold limit for Registration (in lakhs)	Whether liable to obtain registration?
Mr. P of Assam	exclusively in supply of shoes	22	40	No
	exclusively in supply of pan masala	22	20	Yes
	exclusively in supply of taxable services	22	20	Yes
	in supply of both taxable goods and services	22	20	Yes
Mr. S of Telangana	exclusively in supply of toys	22	20	Yes
	exclusively in supply of ice cream	22	20	Yes
	exclusively in supply of taxable services	22	20	Yes
	in supply of both taxable goods and services	22	20	Yes
Mr. A of Manipur	exclusively in supply of paper	12	10	Yes
	exclusively in supply of tobacco	12	10	Yes
	exclusively in supply of taxable services	12	10	Yes
	in supply of both taxable goods and services	12	10	Yes

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 81

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

6. Where reply furnished is not satisfactory or where no reply is furnished, the proper officer shall reject the application and pass an order in **REG-05**.

Question 6: write a note on cancellation of Registration Certificate.

Answer: Cancellation of Registration Section 29 / Rule 20 to 22

A. Cancellation at the request of the applicant

A registered person shall submit an application in form **REG-16** including therein the details of stock and liability and payment of tax **within 30 days** of the occurrence of the event warranting the cancellation.

In the following cases a registered person shall file an application for cancellation of registration-

- (a) 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) there is any change in the constitution of the business.
- (c) the taxable person is no longer liable to be registered.

The GST officer shall cancel the registration and such person shall be required to reverse tax credit in connection with inputs or capital goods lying in the stock and shall submit final return in form no GSTR-10 u/s 45 within 3 month of the date of the cancellation or date of order of cancellation, whichever is later, eg. if cancellation order has been issued on 20th October 2019 but registration has been cancelled w.e.f. 01st October 2019, 3 months shall be determined from 20th October 2019.

B. Cancellation by GST officer own his own motion

The Registration certificate can be cancelled by proper officer on his own motion in the following cases:

- (a) a registered person does not conduct any business from the declared place of business.
- (b) a registered person issues invoice or bill without supply of goods or services in violation of the Act.
- (c) a registered person violates the provisions of section 171 of the Act i.e. if rate of GST has been decreased, benefit should be given to the customer.
- (d) a person paying tax under composition scheme has not furnished statements for 3 consecutive tax periods (as per section 39/rule 62 a supplier covered in composition scheme is required to file quarterly statement in form no. CMP 08 upto 18th of next month)***
- (e) any registered person (other than composition scheme) has not furnished returns for a continuous period of **6 months**. (as per section 39/rule 61, every registered person shall be required to file monthly return in form no. GSTR-3B upto 20th of next month)
- (f) any person who has taken voluntary registration and has not commenced business **within 6 months** from the date of registration.
- (g) registration has been obtained by means of fraud, wilful misstatement or suppression of facts.

The GST officer shall issue a notice in this regard and only after giving an opportunity or being heard, decision shall be taken to cancel the certificate. If certificate has been cancelled, ITC shall be reversed and final return has to be filed.

Question 7: write a note on revocation of cancellation of Registration.

Answer: Revocation of cancellation of registration Section 30/Rule 23

1. Any registered person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in form **REG-21** within **30 days** from the date of service of the cancellation order.
2. No application for revocation shall be filed, if the registration has been cancelled for the failure of the registered person to furnish returns, unless such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 93

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

7. The person covered in composition scheme shall get shifted to the normal scheme if the limit of **₹1,50,00,000 exceeds at any time in a financial year.**

8. If any person has wrongly opted such scheme, penalty may be imposed under section 73/74.

9. **As per Rule 3**, a person applying for registration may give option for composition scheme in **part B of REG-01.**

10. If any person has opted for composition scheme for any place of business in any state or union territory, shall be automatically covered in composition scheme for all other places of business in any other State / UT i.e. same scheme will be applicable for all registration with same PAN.

11. **As per Rule 4**, Option to pay tax under section 10 shall be effective from the beginning of the next financial year but such person shall also furnish statement in **ITC-03 for reversal of tax credit within a period of 90 days** from the date of commencement of composition scheme.

In case of new registration it will be applicable from the effective date of registration.

12. **As per Rule 5**, such person should be neither casual taxable person nor non - resident taxable person.

13. Such supplier shall mention the words **“composition taxable person not eligible to collect tax on supplies”** at the top of the bill of supply. (not allowed to issue tax invoice)

14. **As per Rule 6**, If turnover exceeds ₹150,00,000 he will be shifted to normal scheme with immediate effect and he will give an intimation in CMP-04 within 7 days of exceeding the limit.

15. Any person who is in the composition scheme may opt out of the scheme at any time and shall file an application in **CMP-04** and he will get shifted to normal scheme with immediate effect. He shall be required to submit ITC-01 for availing ITC **within 30 days** from the date of withdrawal. Such withdrawal shall be applicable to all the places in all the states/UTs.

16. As per rule 62, such person has to file quarterly statement in CMP-08 instead of monthly return and also taxes is to be paid on quarterly basis within 18 days from the end of the quarter. Further composition dealer shall file an annual return upto 30th April following the end of the financial year in form GSTR-4

17. such person can purchase either from same state or from some other state or from some other country but cannot sale to other state or to other country.

18. such person has to pay tax **out of his own** even with regard to supplies which are exempt from GST but in case of traders tax shall be payable only with regard to taxable supplies.

As per section 2(6), "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and 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.

As per section 2(47) "exempt supply" means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply.

As per section 2(78) "non-taxable supply" means a supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services Tax Act.

As per section 2(108)"taxable supply" means a supply of goods or services or both which is leviable to tax under this Act;

As per 2 (112)"turnover in State" or "turnover in Union territory" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and exempt supplies made within a State or Union territory by a taxable person, exports of goods or services or both and inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person but excludes central tax, State tax, Union territory tax, integrated tax and cess.

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 100
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

PRACTICE PROBLEMS

Q1. Determine whether the supplier in the following cases are eligible for composition levy provided their turnover in preceding year does not exceed ₹150 lakh:

(i) Mohan is engaged in providing legal services in Rajasthan and is registered in the same State.

(ii) Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighbouring States.

Answer:

(i) A supplier of services engaged in the supplies other than Restaurant services, is not eligible for composition levy. Since Mohan provides legal services, he is not eligible for composition scheme.

(ii) Since supplier of inter-State outward supplies of goods is not eligible for composition levy, Sugam Manufacturers is not eligible for composition levy.

Q2. Mohan Enterprises has two registered business in Delhi. Its aggregate turnover for the preceding year for both the business was ₹70 lakh. It wishes to pay tax under composition levy for one of the business in the current year while under normal levy for other business. You are required to advice Mohan Enterprises whether he can do so?

Answer: All registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme. If one such registered person opts for normal scheme, others become ineligible for composition scheme. Thus, Mohan Enterprises either have to opt for composition levy for both the business or under normal levy for both the business.

Q3. A dealer 'X' has two offices in Delhi. In order to determine whether 'X' is eligible to avail benefit of the composition scheme, turnover of both the offices would be taken into account and if the same does not exceed the prescribed limit, X can opt to avail the composition levy scheme (subject to fulfillment of other prescribed conditions).

Q4. ABC Industries, a manufacturer in Mumbai, is engaged in supply of goods in Mumbai as well as Chennai (i.e. inter-State supply of goods). Here, ABC Industries cannot enter into the composition scheme as it is effecting inter-State supply of goods i.e. Chennai.

Q5. A dealer 'X' has two offices in Delhi and is eligible for composition levy. If 'X' opts for the composition scheme, both the offices would pay taxes under composition scheme and abide by all the conditions as may be prescribed for the composition scheme.

MULTIPLE CHOICE QUESTIONS

1. What is the threshold limit of turnover in the preceding financial year to be eligible for composition levy in Delhi?

- (a) ₹50 lakh
- (b) ₹75 lakh
- (c) ₹100 lakh
- (d) ₹150 lakh

2. Mr. X, a registered supplier of Meghalaya wants to opt for composition levy. The turnover limit for composition levy is-

- (a) ₹50 lakh
- (b) ₹75 lakh
- (c) ₹100 lakh
- (d) ₹150 lakh

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 101

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

3. Mr. X, a registered supplier of Delhi opted for composition levy. He purchased goods A and paid GST of ₹50 lakh on such purchase. ITC allowed shall be

- (a) ₹50 lakh
- (b) ₹25 lakh
- (c) No tax credit is allowed
- (d) none of the above

4. Can a registered person opting for composition scheme collect tax on his outward supplies?

- (a) Yes
- (b) No
- (c) Yes, if the amount of tax is prominently indicated in the invoice issued by him
- (d) Yes, only on such goods as may be notified by the Central Government

5. Mr. X, a trader in Delhi has opted for composition scheme of taxation under GST. Determine the rate of total GST payable by him under composition scheme:

- (a) 0.5% CGST & 0.5% SGST
- (b) 2.5% CGST & 2.5% SGST
- (c) 5% IGST
- (d) 5% SGST

6. Mr. X providing restaurant service in Delhi has opted for composition scheme of taxation under GST. Determine the rate of total GST payable by him under composition scheme:

- (a) 0.5% CGST & 0.5% SGST
- (b) 2.5% CGST & 2.5% SGST
- (c) 5% IGST
- (d) 5% SGST

7. Which of the following person can opt for composition scheme

- (a) person engaged in inter state supply.
- (b) A manufacturer manufacturing pan masala
- (c) A manufacturer manufacturing ice cream
- (d) None of the above

8. A person opting for composition scheme can file **quarterly annual return in**

- (a) GSTR-1
- (b) GSTR-2
- (c) GSTR-3
- (d) GSTR-4

9. A person opting for composition scheme can pay taxes within

- (a) 18 days from the end of the quarter
- (b) 20 days from the end of the quarter
- (c) 30 days from the end of the quarter
- (d) 60 days from the end of the quarter

10. If a person is shifting from composition scheme to normal scheme and can give intimation in

- (a) CMP-01
- (b) CMP-02
- (c) CMP-03
- (d) CMP-04

11. If a person is opting for composition scheme in one State then it shall be applicable in _____ States for multiple registration.

- (a) all the States
- (b) Optional for other States
- (c) not apply for other States
- (d) None of the above

12. If a trader is opting for composition scheme then tax shall be payable on

- (a) Turnover in a State

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 116

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

ITC CGST Carried forward **28,000**

<i>SGST</i>	90,000
Less: ITC inputs	(9,000)
Less: ITC input service	(9,000)
Less: ITC – b/f	(72,000)
Tax Payable	Nil

ITC SGST Carried forward **28,000****January 2020**

	8,00,000
Output CGST @ 9%	72,000
Output SGST @ 9%	72,000

ITC inputs

	16,00,000
CGST @ 5%	80,000
SGST @ 5%	80,000

Net Tax

CGST	72,000
Less: ITC	(72,000)
	Nil

ITC CGST Carried forward (28,000 + 80,000 – 72,000) **36,000**

SGST	72,000
Less: ITC	(72,000)
	Nil

ITC SGST Carried forward (28,000 + 80,000 – 72,000) **36,000****February 2020**

	10,00,000
Output CGST @ 9%	90,000
Output SGST @ 9%	90,000

Net Tax

Output CGST	90,000
Less: ITC b/f	(36,000)
Tax Payable	54,000

Output SGST	90,000
Less: ITC b/f	(36,000)
Tax Payable	54,000

Payment should be made upto 20.03.2020

March 2020

	12,00,000
Output CGST @ 9%	1,08,000
Output SGST @ 9%	1,08,000

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 119

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

SGST @ 9%	9,000
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ITC – Input service

Input service	1,00,000
CGST @ 9%	9,000
SGST @ 9%	9,000

Net Tax

CGST	90,000
Less: ITC inputs	(9,000)
Less: ITC input service	(9,000)
Less: ITC – b/f	(72,000)
Tax Payable	Nil

<i>ITC CGST Carried forward</i>	<i>28,000</i>
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SGST

	90,000
Less: ITC inputs	(9,000)
Less: ITC input service	(9,000)
Less: ITC – b/f	(72,000)
Tax Payable	Nil

<i>ITC SGST Carried forward</i>	<i>28,000</i>
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January 2020

	8,00,000
Output CGST @ 9%	72,000
Output SGST @ 9%	72,000

ITC inputs

	16,00,000
CGST @ 5%	80,000
SGST @ 5%	80,000

Net Tax

CGST	72,000
Less: ITC	(72,000)
	Nil

<i>ITC CGST Carried forward (28,000 + 80,000 – 72,000)</i>	<i>36,000</i>
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SGST	72,000
Less: ITC	(72,000)
	Nil

<i>ITC SGST Carried forward (28,000 + 80,000 – 72,000)</i>	<i>36,000</i>
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February 2020

	10,00,000
Output CGST @ 9%	90,000
Output SGST @ 9%	90,000

Net Tax

Output CGST	90,000
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CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 120
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

<i>Less: ITC b/f</i>	<i>(36,000)</i>
<i>Tax Payable</i>	<i>54,000</i>
Output SGST	90,000
<i>Less: ITC b/f</i>	<i>(36,000)</i>
<i>Tax Payable</i>	<i>54,000</i>
Payment should be made upto 20.03.2020	
<u>March 2020</u>	
	12,00,000
Output CGST @ 9%	1,08,000
Output SGST @ 9%	1,08,000
<u>Net Tax</u>	
Output CGST	1,08,000
Less: ITC	Nil
Tax Payable	1,08,000
Output CGST	1,08,000
Less: ITC	Nil
Tax Payable	1,08,000
Payment should be made upto 20.04.2020	

MULTIPLE CHOICE QUESTIONS

1. A registered service provider is allowed to opt composition scheme under notification 2/2019

- (a) whose aggregate turnover in the preceding financial year was sixty lakh rupees or below
- (b) whose aggregate turnover in the preceding financial year was fifty lakh rupees or below
- (c) whose aggregate turnover in the preceding financial year was forty lakh rupees or below
- (d) none of these

2. Composition scheme under notification 2/2019 is not allowed

- (a) to a service provider
- (b) to a service provider who is supplying goods also
- (c) to a supplier of goods
- (d) none of these

3. Supplier of following goods are not allowed for composition scheme as per notification no. 2/2019

- (a) Pan masala
- (b) Ice cream
- (c) Tobacco product
- (d) Electrical goods
- (e) (a), (b) & (c)
- (f) (b), (c) & (d)

Answer

1.(b); 2. (c); 3. (e)

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 122

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

The return shall contain the following particulars:

- Table No. 1. GSTIN
- Table No. 2. Legal name.
- Table No. 3. Details of Outward Supplies and inward supplies liable to reverse charge
- Table No. 4. Eligible ITC.
- Table No. 5. Values of exempt, nil rated and non-GST inward supplies
- Table No. 6. Payment of Tax, TDS/TCS Credit

Question 3: Explain Filing of Return by composition dealer.

Answer: Filing of Return by composition dealer Section 39/ Rule 62

Every registered person paying tax u/s 10 i.e. composition dealer shall be required to file an annual return in GSTR-4 upto 30th April following the end of the financial year. Such dealer shall be required to file quarterly statement in form CMP-08 upto 18th from the end of the quarter.

Particulars of GSTR-4 shall be as given below:

- Table No. 1. GSTIN
- Table No. 2. Legal name / Trade name.
- Table No. 3. Aggregate Turnover during the preceding financial year.
- Table No. 4. Inward supplies including supplies on which tax is to be paid reverse charge.
- Table No. 5. Amendments to details of inward supplies furnished in returns for earlier tax periods in table 4 including debit/credit notes.
- Table No. 6. Tax on outward supplies made.
- Table No. 7. Amendments to outward supplies details furnished in returns for earlier tax periods in table 6.
- Table No. 8. Consolidated statement of advances paid/advance adjustment on account of receipt of supply.
- Table No. 9. TDS Credit received (Not covered in syllabus)
- Table No. 10. Tax Payable and paid
- Table No. 11. Interest, Late fee payable and paid
- Table No. 12. Refund claimed from electronic cash ledger
- Table No. 13. Debit entries in cash ledger for tax/interest payment.

Question 4: Explain Filing of First Return.

Answer: Filing of First Return Section 40

Every registered person who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in the first return furnished by him after grant of registration.

When a person becomes liable to registration after his turnover crossing the threshold limit, he may apply for registration within 30 days of so becoming liable. Thus, there might be a time lag between a person becoming liable to registration and grant of registration certificate.

During the intervening period, such person might have made the outward supplies, i.e. after becoming liable to registration but before grant of the certificate of registration. Now, in order to enable such registered person to declare the taxable supplies made by him for the period between the date on which he became liable to registration till the date on which registration has been granted so that ITC can be availed by the recipient on such supplies. Firstly, the registered person may issue Revised Tax Invoices against the invoices already issued during said period within 1 month from the date of issuance of certificate of registration.

The registered person shall declare his outward supplies made during said period in the first return furnished by him after grant of registration. The format for this return is the same as that for regular return.

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 125

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

2. Taxpayers would have facility to create his profile based on nature of supplies made and received. The fields of information which a taxpayer would be shown and would be required to fill in the return would depend on his profile.

3. NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS.

4. Council approved quarterly filing of return for the small taxpayers having turnover below ₹5 Cr as an optional facility. Quarterly return shall be similar to main return with monthly payment facility but for two kinds of registered persons – small traders making only B2C supply or making B2B + B2C supply.

For such taxpayers, simplified returns have been designed called Sahaj and Sugam. In these returns details of information required to be filled is lesser than that in the regular return.

5. The new return design provides facility for amendment of invoice and also other details filed in the return. Amendment shall be carried out by filing of a return called amendment return. Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayers

MULTIPLE CHOICE QUESTIONS

1. Who is required to furnish details of outward supplies in Form GSTR-1?

- (a) Person paying tax under composition scheme
- (b) Non-resident taxable person
- (c) Both (a) & (b)
- (d) None of the above

2. What does N stand for in HSN?

- (a) Network
- (b) Nationalization
- (c) Nomenclature
- (d) Nomination

3. Which form is furnished for submission of details of outward supplies u/s 37?

- (a) GSTR-1
- (b) GSTR-2
- (c) GSTR-3
- (d) GSTR-5

4. What is the due date for submission of monthly GSTR-1?

- (a) on or before 10th day of the immediately succeeding month**
- (b) on or before 15th day of the immediately succeeding month**
- (c) on or before 17th day of the immediately succeeding month**
- (d) on or before 20th day of the immediately succeeding month**

5. Composition tax payer is required to file **annual return in Form no. _____.**

- (a) GSTR-2
- (b) GSTR-3
- (c) GSTR-4
- (d) GSTR-5

6. Which of the following are not required to file the Annual Return?

- (a) Input Service Distributor
- (b) Casual Taxable Person
- (c) Non-resident Taxpayer
- (d) All of the above

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 126

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

7. The maximum amount of late fee payable by any registered person on failure to furnish return under section 39 by the due date is ₹ ____.

- (a) 1,000
- (b) 5,000
- (c) 10,000
- (d) 25,000

8. The due date of filing Final Return is _____.?

- (a) 20th of the next month
- (b) 18th of the month succeeding the quarter
- (c) Within three months of the date of cancellation or date of order of cancellation, whichever is later
- (d) 31st December of next financial year

9. What is the due date for submission of monthly GSTR-3B?

- (a) on or before 10th day of the immediately succeeding month
- (b) on or before 15th day of the immediately succeeding month
- (c) on or before 17th day of the immediately succeeding month
- (d) on or before 20th day of the immediately succeeding month

10. What is the due date for submission of Quarterly Statements in CMP-08 **GSTR-4?**

- (a) on or before 10th day of the immediately succeeding quarter
- (b) on or before 15th day of the immediately succeeding quarter
- (c) on or before 18th day of the immediately succeeding quarter
- (d) on or before 20th day of the immediately succeeding quarter

11. Which of the following person are not required to file the GSTR-1?

- (a) Input Service Distributor
- (b) Person paying tax under composition scheme
- (c) Non-resident Taxpayer
- (d) All of the above

12. Contents of GSTR-1 are

- (a) GSTIN
- (b) Legal Name and Trade Name
- (c) Aggregate turnover in previous year
- (d) All of the above
- (e) None of the above

13. If turnover of person in preceding year is less than ₹1.5 crore then GSTR-1 shall be filed

- (a) Monthly
- (b) Quarterly
- (c) Half-yearly
- (d) Yearly

14. If turnover of person in preceding year is more than ₹1.5 crore then GSTR-1 shall be filed

- (a) Monthly
- (b) Quarterly
- (c) Half-yearly
- (d) Yearly

15. Annual return is required to file in Form no. _____.

- (a) GSTR-4
- (b) GSTR-1
- (c) GSTR-6
- (d) GSTR-9

Answer:

1. (d); 2. (c); 3. (a); **4. (a)**; 5. (c); 6. (d); 7. (b); 8. (c); 9. (d); 10. (c); 11. (d); 12. (d); 13. (b); 14. (a); 15. (d)

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 138

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

- The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods / services supplied.
- The quantity received by the recipient is less than what has been declared in the tax invoice.
- The quality of the goods / services supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value.
- Any other similar reasons.

In order to regularize these kinds of situations the supplier is allowed to issue what is called as credit note to the recipient, in the following situations -

- (i) Where a tax invoice has been issued for supply of any goods / services and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply,
- (ii) Where the goods supplied are returned by the recipient,
- (iii) Where goods / services supplied are found to be deficient.

Once the credit note has been issued, the tax liability of the supplier will reduce.

There is no prescribed format but credit note issued by a supplier must contain particulars given under rule 53.

The records of the credit note have to be retained until the expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

The credit note is therefore a convenient and legal method by which the value of the goods or services in the original tax invoice can be amended or revised. The issuance of the credit note will easily allow the supplier to decrease his tax liability in his returns without requiring him to undertake any tedious process of refunds.

One or more credit notes can be issued for one or more invoices.

Question 6: Explain Debit notes.

Answer: Debit notes . Section 34.

Where a tax invoice has been issued for supply of any goods/services and the taxable value / tax charged in that tax invoice is found to be less than the taxable value/tax payable in respect of such supply, the registered person, who has supplied such goods/services, shall issue to the recipient a debit note.

Any registered person who issues a debit note in relation to a supply of goods/services shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted.

Explanation. — For the purposes of this Act, the expression "debit note" shall include a supplementary invoice.

One or more Debit notes can be issued for one or more invoices.

Question 7: Write a note on issue of tax invoice under section 31/ Rule 46.

Answer: Issue of tax invoice under section 31/ Rule 46

A tax invoice referred to in section 31 shall be issued by the registered person containing the following particulars, namely,—

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters.
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (e) name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is fifty thousand rupees or more;

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 176
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

13. ABC Ltd. sold certain goods for ₹ 3,00,000 and received subsidy from a private organisation ₹1,00,000 hence charged from customer ₹ 2,00,000, in this case value of supply shall be

(a) 3,00,000 (b) 2,00,000 (c) 4,00,000 (d) 5,00,000 (e) none of these

14. While computing transaction value, discount allowed shall be deducted provided such discount was given

(a) at or before the time of supply

(b) after making the supply

(c) after making supply but it has been established in term of agreement entered into at or before the time of supply

(d) option (a) or (c)

(e) none of these

15. As per section 15 value of supply means

(a) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are related and the price is the sole consideration for the supply.

(b) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is not the sole consideration for the supply.

(c) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

(d) The value of a supply of goods or services or both shall be the market value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

Answer:

1. (d); 2. (d); 3. (a); 4. (a); 5. (c); 6. (d); 7. (c); 8.(f); 9. (d); 10. (b); 11. (f); 12. (b); 13. (a); 14. (d); 15. (c)

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 186

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

2. Purchased one truck for transportation of goods on 01-07-2019 ₹ 10,00,000 plus GST ₹ 2,80,000. Date of invoice is 31-07-2019 and delivery was taken on 3rd August 2019.
3. Purchased food items for employees and customers on 01-07-2019 ₹ 10,00,000 plus GST ₹ 2,80,000. Date of invoice is 31-07-2019 and delivery was taken on 3rd August 2019.
4. Purchased certain items on 01-07-2019 ₹ 10,00,000 plus GST ₹ 2,80,000. Date of invoice is 31-07-2019 and delivery was taken on 3rd August 2019. Subsequently these items were gifted to employees
5. Purchased house hold items for employees to be given as per contractual obligation for employment on 01-07-2019 ₹ 10,00,000 plus GST ₹ 2,80,000. Date of invoice is 31-07-2019 and delivery was taken on 3rd August 2019.
6. Construction of one building through a builder for office purpose on 01-07-2019 and paid ₹ 10,00,000 plus GST ₹ 2,80,000. Date of invoice is 31-07-2019.
7. Incurred ₹ 5,00,000 plus GST ₹ 1,00,000 on repairs and renovation of one office building. Payment was made on 01-08-2019 and invoice is dated 31-07-2019.

Discuss whether ITC is allowed and also the month in which it will be allowed.

Solution:

1. ITC of a motor car is allowed as seating capacity is more than 13 person.

2. ITC shall be allowed in the month of August 2019.
3. As per section 17(5), ITC of a food items is not allowed.
4. ITC is allowed in the month of August 2019, but ITC shall be reversed subsequently as per section 17(5).
5. ITC shall be allowed and when given to the employees it will not be considered to be supply as per schedule I however at that time tax credit shall be reversed.
6. As per section 17(5), ITC of building is not allowed.
7. As per section 17(5), ITC of renovation /repairs of building is not allowed.

SCHEDULE III

[See section 7]

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any court or Tribunal established under any law for the time being in force.
3. (a) The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
(b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
(c) The duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee.
4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5. Sale of land and sale of building.
6. Actionable claims, other than lottery, betting and gambling.
- 7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.***
- 8. (a) Supply of warehoused goods to any person before clearance for home consumption;***
(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 197

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

CLARIFICATION

Processed Tea and coffee

Tea used for making the beverage, such as black tea, green tea, white tea is a processed product made in tea factories after carrying out several processes, such as drying, rolling, shaping, refining, oxidation, packing etc. on green leaf and is the processed output of the same. Thus, green tea leaves and not tea is the “agricultural produce” eligible for exemption available for loading, unloading, packing, storage of agricultural produce. Same is the case with coffee obtained after processing of coffee beans. However as a special case storage or warehousing of tea, coffee has been exempted.

Jaggery

Similarly, processing of sugarcane into jaggery changes its essential characteristics. Thus, jaggery is also not an agricultural produce. However as a special case storage or warehousing has been exempted.

Pulses

Pulses commonly known as dal are obtained after dehusking or splitting or both. The process of dehusking or splitting is usually not carried out by farmers or at farm level but by the pulse millers. Therefore pulses (dehusked or split) are also not agricultural produce. However, whole pulse grains such as whole gram, rajma etc. are covered in the definition of agricultural produce.

In view of the above, it is inferred that processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (dehusked or split), jaggery, processed spices, processed dry fruits, processed cashew nuts etc. fall outside the definition of agricultural produce and therefore the exemption from GST is not available to their loading, unloading and packing. [Circular No.16/16/2017 GST dated 15.11.2017]. However as a special case storage or warehousing has been exempted.

Custom milling of paddy into rice

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.

Therefore, milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce.

In view of the above, it is clarified that milling of paddy into rice is not eligible for exemption. [Circular No. 19/19/2017 GST dated 20.11.2017]. However as a special case services by way of loading, unloading, packing, storage or warehousing of rice has been exempted.

7. 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 (Notification No. 21/2019- CT (R) dated 30-09-2019)

8. **Services by way of pre-conditioning, pre-cooling**, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 200

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

9. Services by the Government

Services by the Central Government, State Government, Union territory or local authority shall be exempt from GST and such services may be:

Services by way of issuance of passport, visa, driving licence, birth certificate or death certificate, Services by way of registration required under any law, testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law.

The following services of the Government shall be taxable.

(a) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory. Other services like Basic mail services, Transfer of money through money orders, Operation of saving accounts, post card, Inland letter etc. are exempt in every case.

(b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.

(c) transport of goods or passengers. or

(d) any service, other than services covered under entries (a) to (c) above, provided to business entities, eg. renting of immovable property/advertisement by railways/security services/ Logistics Services etc. but if amount charged for such services is upto ₹5,000, it will be exempt, eg. ABC limited is a business entity with turnover exceeding prescribed limit and it has taken one of the specified services and paid ₹ 4,000, in this case, no GST is payable.

Further if such services are given to business entities with turnover upto prescribed limit, it will be exempt from GST irrespective of the amount of services but exemption shall not be available for Renting of Immovable property, eg. ABC limited is a business entity with turnover not exceeding prescribed limit and it has taken one of the specified services and paid ₹ 40,000, in this case, no GST is payable.

10. Transportation of Passenger

(a) stage carriage other than air-conditioned stage carriage.

(b) railways in a class other than— (i) first class; or (ii) an air-conditioned coach;

(c) metro, monorail or tramway;

(d) inland waterways;

(e) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and

(f) metered cabs or auto rickshaws (including e-rickshaws) but motor cab and radio taxi is taxable.

(g) air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal.

Q: Mr. A boarded Rajdhani Express (fully AC train) from Kanpur on January 5, 2020 and disembarked at New Delhi. He hired a car from a local cab operator for the whole day on a lumpsum consideration and visited Delhi's historical monuments. In the night, he took the Metro to International Airport and boarded a flight to Mumbai. At Mumbai Airport, he used a radio taxi for going to his Hotel. Mr. A returned to Kanpur from a different train, Pushpak Express in sleeper class.

With reference to the provisions of GST, examine the levability of GST on the various modes of travel undertaken by Mr. A.

Solution: In the given case, GST levability on the various passenger transportation services used by Mr. A will be determined as under:

(i) Rail travel in AC train – Not covered under exemption list and thus, liable to GST.

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 216
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

MULTIPLE CHOICE QUESTIONS

- 1. Transportation of passengers by _____ are exempt from GST.**
- (a) Railway in first class
(b) Railway in an air-conditioned coach
(c) Metro
(d) All of the above
- 2. Transportation of _____ by a GTA in a goods carriage is exempt from GST.**
- (a) Agricultural produce
(b) Organic manure
(c) Milk
(d) All of the above
- 3. What of the following services provided to an educational institution – Debo Public School (*providing upto higher education*) - are exempt from GST?**
- (a) Transportation of staff of the school
(b) Cleaning of the school
(c) Services relating to conduct of higher secondary exams
(d) All of the above
- 4. Transportation of passengers by _____ are exempt from GST.**
- (a) air conditioned stage carriage
(b) radio taxi
(c) air, terminating in Nagaland airport
(d) All of the above
- 5. Which of the following services provided by Department of Posts are exempt from GST?**
- (a) Speed posts
(b) Life Insurance
(c) Express parcel posts
(d) None of the above
- 6. Which of the following services are exempt under GST?**
- (a) testing of agricultural produce
(b) supply of farm labour
(c) warehousing of agricultural produce
(d) all of the above
- 7. Mr. Narayan Goel has booked a room on rent in Sunshine Hotel for the purpose of lodging on 10.08.2019. GST is not payable by Mr. Narayan Goel in case rent for the same is ____**
- (a) ₹1000
(b) ₹6,000
(c) ₹11,000
(d) ₹1,500
(e) *none of the above*
- 8. Transportation of goods by _____ are exempt from GST. Deleted**
- (i) road
(ii) inland waterways
(iii) goods transportation agency
(iv) courier agency
- (a) (i) & (ii)
(b) (iii) & (iv)
(c) (i) and (iv)
(d) (i) [except (iii) & (iv)] & (ii)
- 9. Transportation of _____ by rail from Chennai to Gujarat are exempt from GST.**
- (i) pulses

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 217

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

(iii) electric equipments**(iv) biscuits**

- (a) (i) & (ii)
- (b) (i) & (iii)
- (c) (ii) & (iv)
- (d) all of the above

10. Services by way of warehousing of _____ is exempt from GST.**(i) pulses****(ii) milk****(iii) salt****(iv) rice****(a) (i) & (ii)****(b) (iii)****(c) (iv)****(d) all of the above****11. Banking services provided by Department of post:**

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

12. Which is a wrong statement?

- (a) All services of Department of Post are exempted
- (b) All services by State/Central Governments/local authorities in relation to an aircraft or a vessel in a Port or an Airport are exempted
- (c) All services by State/Central Governments/local authorities in relation to transport of passengers are exempted
- (d) All the above mentioned

13. Which exemption option is right from the following?

- (a) For letting out any immovable property
- (b) For letting out any residential dwelling for use as residence
- (c) For letting out any residential property irrespective of its use
- (d) For none of the above

14. Services by a hotel, inn, guest house, club or campsite are exempted for residential / lodging purposes –

- (a) If the actual tariff for a unit of accommodation is below ₹ 10,000
- (b) If the actual tariff for a unit of accommodation is below ₹ 1,000
- (c) If the declared actual tariff for a unit of accommodation is exactly ₹ 1,000
- (d) If the declared actual tariff for a unit of accommodation is above ₹ 1,000

15. Transportation of passengers exempted if –

- (a) It is by air-conditioned stage carriage
- (b) It is by air-conditioned contract carriage
- (c) It is by non-air-conditioned stage carriage for tourism, charter or hire
- (d) None of the above

16. Transportation of passengers is exempted –

- (a) In an air-conditioned railway coach
- (b) In a vessel for public tourism purpose between places in India
- (c) In a metered cab/auto rickshaw / e rickshaw
- (d) In all the above mentioned

17. Transportation of goods is not exempted if it is –

- (a) by a goods transport agency / courier agency
- (b) by inland waterways

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 218

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

(d) by all the above mentioned

18. Transportation of agricultural produces, milk, salt and food grain including flour, pulses and rice, 'relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap', newspaper or magazines registered with the Registrar of Newspapers - is exempted –

(a) If it is by a goods transport agency

(b) If it is by a rail - within India

(c) If it is by a vessel - within India

(d) If it is by all of the above

19. Which of the following is exempted –

(a) Services by way of loading, unloading, packing, storage or warehousing of rice

(b) Services by way of loading and unloading of jute

(c) Services by way of packing and storage or warehousing of rubber

(d) None of the above

20. If the aggregate turnover of in FY 2018-19 of M/s ABCD Enterprises, Kanchipuram, Tamil Nadu, India was Rs 18 lakh, exemption is available for the following services rendered to ABCD Enterprises –

(a) Arbitral Tribunal services

(b) Legal services by firm of advocates

(c) Legal services by senior advocate

(d) All of the above

21. Which of the following is not exempted -?

(a) Health care service to human beings by authorized medical practitioners / para medics

(b) Health care services to Animals/Birds

(c) Slaughtering of animals

(d) Rearing horses

22. Services by a Non-Profit entity (Registered or Unregistered) are exempted –

(a) If they are to its own members provided the contribution received is up to ₹ 7500 , per month from a member

(b) If they are to its own members, provided the contribution received is up to ₹ 7500 per month from a member towards sourcing goods/services from any third person for common use of members

(c) If they are to its own members, provided the contribution is less than ₹ 7500 per month from a member towards sourcing goods/services from any third person for common use of members

(d) If they are to its own members, provided the contribution is up to ₹ 7500 per month per member for common use specified members

23. Which of the following are exempted services?

(a) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1 lakh

(b) Services by an artist by way of a performance in folk or classical art forms of music/ dance with consideration therefor not exceeding ₹ 1.5 lakh

(c) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1.5 lakh

(d) Services by an artist as a brand ambassador by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1.5 lakh

24. Services by educational institution is exempted if the services are to –

(a) Any common man

(b) Its own students, faculty / staff

(c) Both a & b

(d) None of the above

25. Hair transplant services provided to Mr. A residing in Delhi by Dr. Batra from Delhi and charged ₹40,00,000. GST Payable shall be

(a) Nil

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 219

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

(c) CGST- ₹3,60,000 & SGST- ₹3,60,000

(d) CGST- ₹7,20,000

26. Ambulance services provided to Mr. A residing in Delhi by Ganga Ram Hospital from Delhi and charged ₹40,00,000. GST Payable shall be

(a) Nil

(b) IGST – ₹7,20,000

(c) CGST- ₹3,60,000 & SGST- ₹3,60,000

(d) CGST- ₹7,20,000

27. Mortuary services provided to Mr. A residing in Delhi by Gaurav Mortuary services, Punjabi Bagh from Delhi and charged ₹1,00,000. GST Payable shall be

(a) Nil

(b) IGST – ₹18,000

(c) CGST- ₹9,000 & SGST- ₹9,000

(d) CGST- ₹18,000

28. Educational institution" means an institution providing services by way of-

(a) pre-school education and education up to higher secondary school or equivalent.

(b) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force.

(c) education as a part of an approved vocational education course.

(d) all the above

(e) none of the above

29. Which of the following is exempt from GST.

(i) Legal services provided to a business entity with an aggregate turnover up to prescribed limit in the preceding financial year.

(ii) Legal services provided to a business entity with an aggregate turnover up to prescribed limit in the current financial year.

(iii) Legal services provided to a business entity with an aggregate turnover **exceeding** prescribed limit in the preceding financial year.

(iv) Legal services provided to a business entity with an aggregate turnover **exceeding** prescribed limit in the current financial year.

(a) all the above is exempt.

(b) only (i) is exempt

(c) both (i) & (iii) is exempt

(d) (i),(ii) & (iii) is exempt

(e) none of these is exempt

30. which of the following is exempt from GST.

(i) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.

(ii) rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.

(iii) services by way of fumigation in a warehouse of agricultural produce.

(iv) Carrying out an intermediate production process as **job work in relation to cultivation of plants.**

(a) all the above is exempt.

(b) only (i) is exempt

(c) only (i) & (ii) is exempt

(d) (i),(ii) & (iii) is exempt

(e) none of these is exempt

(f) only (ii) & (iii) is exempt

31. Renting of agro machinery in Delhi to an agricultural farm(in Delhi) of ₹10,00,000. GST Payable shall be

(a) CGST – ₹1,80,000

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 220

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

(c) CGST- ₹90,000 and SGST- ₹90,000

(d) Nil

32. Post office of Ashok Vihar, Delhi rendered basic mail services and charged ₹1,00,000 from its customer in Delhi, in this case GST Payable shall be

(a) CGST – ₹18,000

(b) SGST - ₹18,000

(c) CGST- ₹9,000 and SGST- ₹9,000

(d) Nil

33. Post office of Ashok Vihar, Delhi rendered speed post services and charged ₹1,00,000 from its customer in Delhi, in this case GST Payable shall be

(a) CGST – ₹18,000

(b) SGST - ₹18,000

(c) CGST- ₹9,000 and SGST- ₹9,000

(d) Nil

34. Services by way of transportation of _____ by rail shall be taxable

(a) relief materials meant for victims of disasters, calamities, accidents or mishap;

(b) newspaper

(c) computer and laptops

(d) organic manure.

35. Transportation of books on a consignment transported in a single goods carriage is exempt if

(a) transportation charges is upto ₹1,500

(b) transportation charges is exceeding ₹1,500

(c) transportation charges is upto ₹750

(d) transportation charges is exceeding ₹750

36. Transportation of chairs for a single consignee in the goods carriage is exempt if

(a) transportation charges is upto ₹1,500

(b) transportation charges is exceeding ₹1,500

(c) transportation charges is upto ₹750

(d) transportation charges is exceeding ₹750

37. Which of the following is exempt from GST.

(i) Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body.

(ii) Service of a player to a franchisee which is not a recognized sports body.

(iii) Services by a recognized sports body to another recognized sports body.

(iv) Services by individuals such as selectors, commentators, curators (custodian), technical experts.

(a) all the above is exempt.

(b) only (i) is exempt

(c) only (i) & (iii) is exempt

(d) (i),(ii) & (iii) is exempt

(e) none of these is exempt

(f) only (ii) & (iii) is exempt

38. HDFC Bank Ltd. sold foreign exchange to general *public and earned commission* of ₹10,00,000 during the month of March, in this case taxable amount shall be –

(a) Nil

(b) ₹10,00,000

(c) ₹5,00,000

(d) CGST - ₹90,000 & SGST - ₹90,000

39. HDFC Bank Ltd. received commission of ₹10,00,000 for debt collection services provided to customers during the month of March, in this case taxable amount shall be –

(a) Nil

(b) ₹10,00,000

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 235

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

MISCELLANEOUS**Question 1: Explain SEZ / Zero Rated supplies.****Answer:**

The term SEZ is defined in SEZ Act, 2005, Section 2(za), SEZ Means a specific area with well - defined physical boundaries and which has been declared to be SEZ and a Development commissioner is appointed by the Government.

The persons having their units in SEZ shall be exempt from payment of all taxes and no one supplying goods / services to a unit in SEZ shall be allowed to charge tax.

All the goods/services from SEZ are to be exported.

If any person has a unit in SEZ and also a unit outside SEZ, in such cases, separate registration is required even if the units are in the same State. Further it will be considered to be Inter-State Supply.

As per section 16 of IGST Act, no output tax shall be charged in case of zero rated supply which means exports or sale to units in SEZ or Developer of SEZ and the person supplying goods etc. shall be allowed to take input tax credit and also refund is allowed.

Question 2: Explain whether all goods are covered under GST.

Answer: As per section 9(1) of CGST Act, Alcoholic liquor for human consumption is not covered under GST because earlier excise duty on alcoholic liquor was collected by State Government besides VAT and State Governments considered it to be a major source of revenue for them. Hence they have not agreed to cover it under GST.

As per section 9(2), Petroleum crude, High speed diesel, Petrol , natural gas and aviation turbine fuel are not covered in GST at present however they will be covered in GST from a date to be notified by the Government.

Question 3: Explain classification of Goods/Services under GST.

Answer: There are many varieties of goods / services. Since all goods/ services do not carry the same rate of GST, therefore, it is necessary to identify the goods/services through groups and sub-groups and then to determine the rate of GST on each group or sub-groups of goods/services. The exercise of placing the various goods/services under the various groups or sub- groups is known as 'Classification' of a product/services and such classification is given in GST Tariff and it is called Harmonised system of Nomenclature. All the goods are divided into 21 broad categories which are called section and sections are further divided into 98 small categories which are called chapters. Each product given in the GST Tariff has a specific 8 digit code number first 2 digit refer to Chapter next 2 heading next 2 sub-heading and last 2 are specific for the product e.g. Code No. for Tobacco is 2401 20 50 and for mobile phone is 8517 12 10 and for Chocolate is 1806 90 10 (**Nomenclature means** a system of naming things)

All services are covered in chapter 99 and each service has a code of 6 digit which is called services accounting code.

As per notification number CT-12/17 dated 28.06.2017, The registered person shall be required to mention HSN/SAC code in the invoice in the manner given below:

1. If annual turnover in preceding year is upto ₹ 1,50,00,000, there is no requirement to mention HSN/SAC code.
2. If annual turnover in preceding year is exceeding ₹ 1,50,00,000 but upto ₹500,00,000, the registered person should mention first 2 digits of HSN/SAC code.
3. If annual turnover in preceding year is more than **₹ 500,00,000**, the registered person should mention first 4 digits of HSN/SAC code.

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 239

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

(iii) is not adjudged as insolvent

(iv) has not been convicted by a competent court

He should be a Chartered Accountant/ Cost Accountant / Company Secretary or should have any other qualification prescribed for this purpose.

Procedure for enrollment

A person desirous of becoming GST Practitioner has to submit an application in the form GST PCT-1. The application shall be scrutinised and GST practitioner certificate shall be granted in the form GST PCT-2. In case, the application is rejected, proper reasons shall have to be mentioned in the form GST PCT-4.

Activities by GST practitioner

A goods and services tax practitioner can undertake any or all of the following activities on behalf of a registered person:

(a) furnish details of outward and inward supplies

(b) furnish monthly, quarterly, annual or final return

(c) make deposit for credit into the electronic cash ledger

(d) file a claim for refund and

(e) file an application for amendment or cancellation of registration.

A GST practitioner shall also be allowed to appear as authorised representative before any officer of department, Appellate Authority or Appellate Tribunal, on behalf of such a registered person who has authorised him to be his GST practitioner.

Conditions for GST Practitioner

Any registered person may give consent and authorise a GST practitioner in the form GST PCT-5 by listing the authorised activities in which he intends to authorise the GST practitioner. The registered person authorising a GST Practitioner shall have to authorise in the standard form Part A of form GST PCT-5 and the GST practitioner will have to accept the authorisation in Part B of the form GST PCT-5. The GST practitioner shall be allowed to undertake only such tasks as indicated in the authorisation form GST PCT-5. The registered person may, at any time, withdraw such authorisation in the prescribed form GST PCT-5.

Responsibility for correctness of particulars

The responsibility for correctness of any particulars furnished in the return or other details filed by the GST practitioners shall continue to rest with the registered person on whose behalf such return and details are furnished. Any statement furnished by the GST practitioner shall be made available to the registered person on the GST Common Portal. For every statement furnished by the GST practitioner, a confirmation shall be sought from the registered person over email or SMS. The registered person before confirming, should ensure that the facts mentioned in the return are true and correct before signature. However, failure to respond to request for confirmation shall be treated as deemed confirmation. The GST practitioner shall prepare all statements with due diligence and affix his digital signature on the statements prepared by him or electronically verify using his credentials. If the GST practitioner is found guilty of misconduct, his enrolment will be liable to be cancelled. A show cause notice would be issued to him in the form GST PCT-3.

Question 13:What are the States and Union Territory for the purpose of GST.

Answer:

As per section 2(103), There are **28 States** in India and are as under:

1. Andhra Pradesh
2. Arunachal Pradesh
3. Assam
4. Bihar
5. Chhattisgarh
6. Goa

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 240

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

7. Gujarat
8. Haryana
9. Himachal Pradesh
- 10. Jammu and Kashmir**
11. Jharkhand
12. Karnataka
13. Kerala
14. Madhya Pradesh
15. Maharashtra
16. Manipur
17. Meghalaya
18. Mizoram
19. Nagaland
20. Odisha
21. Punjab
22. Rajasthan
23. Sikkim
24. Tamil Nadu
25. Telangana
26. Tripura
27. Uttar Pradesh
28. Uttarakhand
29. West Bengal

States will include a Union territory also with Legislature i.e. it will include Delhi, **Pondicherry and Jammu and Kashmir**

As per Section 2 (114) "Union territory" means the territory of—

- (a) the Andaman and Nicobar Islands;
- (b) Lakshadweep;
- (c) Dadra and Nagar Haveli;
- (d) Daman and Diu
- (e) Chandigarh;

(f) Ladakh

Question 14: Explain Constitutional Provisions regarding GST.

Answer: Constitutional Provision

The Constitution of India is the Supreme law in India. The Parliament can make law only with regard to the matters which are allowed as per the constitution otherwise the law made by parliament shall be called Ultra vires i.e. it is not enforceable. The constitution consists of a preamble, 25 parts containing 448 articles and 12 Schedules.

India has a three-tier federal structure, comprising the Union Government, the State Governments and the local Government. The power to levy taxes and duties is distributed among the three tiers of Governments, in accordance with the provision of the Indian Constitution.

Power to levy taxes emerges from the Constitution of India.

Article 265: No tax shall be levied or collected except by authority of Law.

Article 245: Subject to the provisions of the Constitution, Parliament may make laws for the whole or any part of the territory of India, and the Legislature of a State may make laws for the whole or any part of the State.

Article 246: It gives the respective authority to Union and state Governments for levying tax and such authority is given in Seventh Schedule of Indian Constitution and there are three list in Seventh Schedule.

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 250
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

EXAMINATION QUESTION

CA INTER MAY 2019 (NEW COURSE)

Question 5**Marks 8**

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 months of September 2019:

Intra-State supply of goods	₹25,00,000
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Inter-State supply of goods	₹5,00,000
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He has also made the following inward supply:

Intra-State purchase of goods from Registered Dealer	₹14,00,000
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Intra-State purchase of goods from Unregistered Dealer	₹2,00,000
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Inter -State purchase of goods from Registered Dealer	₹4,00,000
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Balance of ITC at the beginning of September 2019:

CGST	₹ 95,000
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SGST	₹ 60,000
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IGST	₹ 50,000
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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, 2019. 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, 2019 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 2019.

Solution:**Output Tax****Intra-State supply of Goods**

25,00,000

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 258**(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)**

	(Amount paid by G Ltd. Directly to supplier, as per contract this amount should be paid by Koli Ltd. and not included in price)	
(iii)	Installation and testing charges for machinery, not included in price.	25,000
(iv)	Discount 2% on machinery price (Recorded in the invoice)	
(v)	Koli Ltd. Provides additional 1% discount at year end, based on additional purchase of other machinery.	

Solution:**Computation of taxable value of supply of machinery**

Particulars	Amount (₹)
(i) Price of Machinery (exclusive of taxes and discounts)	5,50,000
(ii) One part is directly fitted in machinery at place of G Ltd.	20,000
(iii) Installation and testing charges for machinery	25,000
(iv) Less: Discount 2% on machinery price (2% of 5,50,000)	(11,000)
Taxable value of supply	5,84,000

Notes:

1. If the supplier has given any discount before or at the time of supply, it will be allowed to be deducted and additional discount allowed at year end shall not be allowed to be deducted.
2. As per section 15, any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of supply and not included in price then such amount shall be included.
- 3. Amount charged for anything done at the time of or before the delivery of goods or supply of services shall be included in the transaction value.**

Question 7 (b)**Marks 4**

Jamku Ltd. a registered person is engaged in the business of spices. It provides following details for GST paid during October. 2019.

No.	Particulars	GST Paid (₹)
1.	Raw spices purchase	
	- Raw spices used for furtherance of spices	50,000
	- Raw spices used for personal use of Directors	20,000

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 262

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

Question 9 (b)

Marks 1+2+1

Please answer following individual independent cases with reference to Section 37 of the CGST Act, 2017 and rule-59 of CGST Rules, 2017:

(1) Mr. Kolly is registered supplier in the State of Gujarat. He is filling GSTR 1 every month. During the month of February, 2020 he was out of India and so did not do any transaction during the month. He believes that as there is no transaction there is no need to file GSTR 1 for the month of February, 2020. Is he correct?

Answer:

Not Correct: GSTR-1 needs to be filed even if there is no business transaction (Nil Return) in the tax period hence intention of Mr. Kolly is not correct and he is liable to file GSTR-1.

(2) Mr. Kaji is a registered dealer in Kerala. He was registered as a normal tax payer for FY 2019-20. But on 15-01-2020, he converted from normal tax payer to composition tax payer. Is he liable to file GSTR-1 for the month of February, 2020?

Answer:

Not Liable to File GSTR-1: In cases where a taxpayer has been converted from a normal scheme to composition scheme, GSTR-1 will be available for filing only for the period during which the taxpayer was registered as normal tax payer.

In the given case, Mr. Kaji is converted into composition scheme w.e.f. 15-01-2020 from normal scheme hence w.e.f. 15-01-2020 he is liable to file ***CMP-08 GSTR-4*** and he is not liable to file GSTR-1. ***for the month of February.***

(3) Mrs. Zeel a registered dealer in Rajasthan did not file GSTR1 for the month of June, 2019 but she wants to file GSTR1 for the month of July, 2019. Is it possible?

Answer:

Not possible: Filing of GSTR-1 for current period is possible only when GSTR-1 for the previous month has been filed. In the given case GSTR-1 for the month of June 2019 is pending hence she is not able to file GSTR-1 for the month of July 2019.

Question 10 (a)

Marks 4

Explain the meaning of consignment note in relation to Goods Transport Agency and state its contents as per provisions of the CGST Act, 2017.

Answer: Refer answer given in the book

OR

CORRECTION/AMENDMENTS IN GST (6th Edition) PAGE NO. 275

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

CGST- 9%, SGST-9%, IGST- 18%

Solution: Computation of Net GST Liability for the month of June 2019

₹

Output Tax

(1) Services provided by way of Labour Contract for repairing a single residential unit is a taxable supply	1,30,000
Add: CGST @ 9%	11,700
Add: SGST @ 9%	11,700
 (2) Intra State Sale of Taxable goods	2,50,000
Add: CGST @ 9%	22,500
Add: SGST @ 9%	22,500

Input Tax

Input Service of GTA Service	1,80,000
Add: IGST @ 12%	21,600

Computation of Net Tax Liability

	CGST
Output Tax (11,700+22,500)	34,200
Less: ITC -IGST	(21,600)
Net Tax Liability	12,600

	SGST
Output Tax (11,700+22,500)	34,200
Less: ITC	Nil
Net Tax Liability	34,200

Notes:

1. No Tax shall be payable at the time of advance received for supply of goods and tax shall be paid at the time of supply or date of invoice.
2. In case of goods purchased from unregistered dealer there is no tax element was charged on the bill and reverse charge is also suspended for purchase of goods from unregistered dealer.
3. Reverse charge shall not be applicable in case GTA is charging tax on supply of service and credit shall be allowed to the recipient

Question 9 (b)**Marks 5**

Harshgeet Pvt. Ltd. a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of July, 2019:

Sr. No.	Particulars	GST paid
(1)	Raw Material (To be received in September, 2019)	2,50,000
(2)	Membership of a club availed for employees working in the factory	1,45,000
(3)	Inputs to be received in 5 lots, out of which 3rd lot was received during the month	80,000
(4)	Trucks used for transport of raw material	40,000
(5)	Capital Goods (out of 3 items, invoice for 2 item is missing and GST paid on that Item is 80,000)	1,50,000