

DETAILED ANSWERS TO MCQ OF MTP-1 – INDIRECT TAXES

1. (b)

In this case donation has been given i.e. there is no supply of goods or services hence no GST because there is no supply.

2. (b)

If any body corporate or partnership firm or LLP has sponsored any programme, in that case reverse charge is applicable.

3. (b)

As per section 8 it is a mixed supply hence highest rate shall be applicable

4. (b)

Supply of farm labour is exempt from GST

5. (a)

Value of supply shall be ₹45,000 and TCS collected under Income Tax Act is to be adjusted towards final tax liability further subsidy has not been adjusted in the price

6. (d)

No GST is allowed from purchase of motor car with seating capacity upto 13. Also ITC not allowed in connection with catering services.

SOLUTION TO QUESTION NO. 1 OF DESCRIPTIVE QUESTIONS

Subsidy of ₹ 50,000 has not been considered in the price of machine ₹5,50,000 hence it should not be added back.